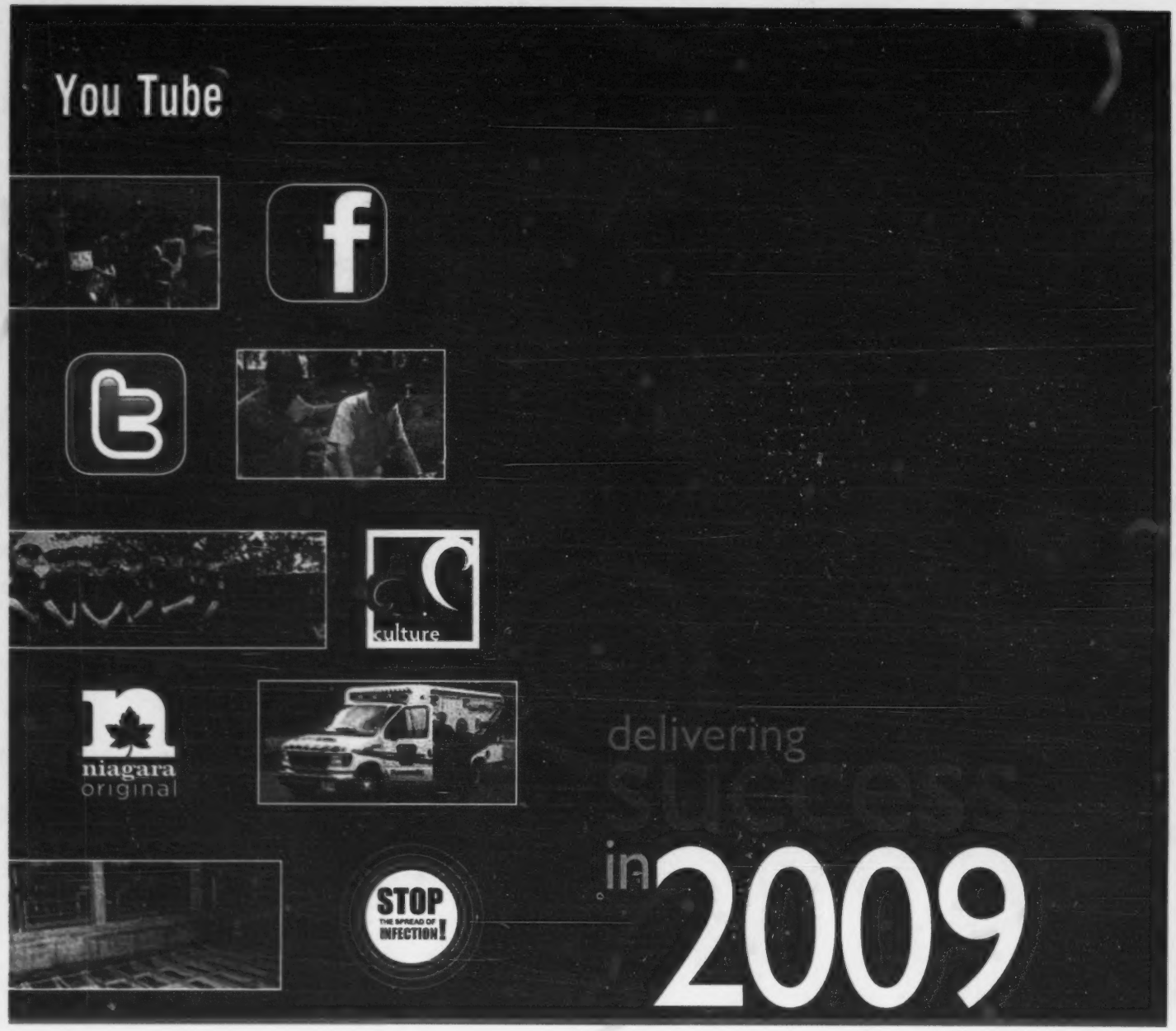
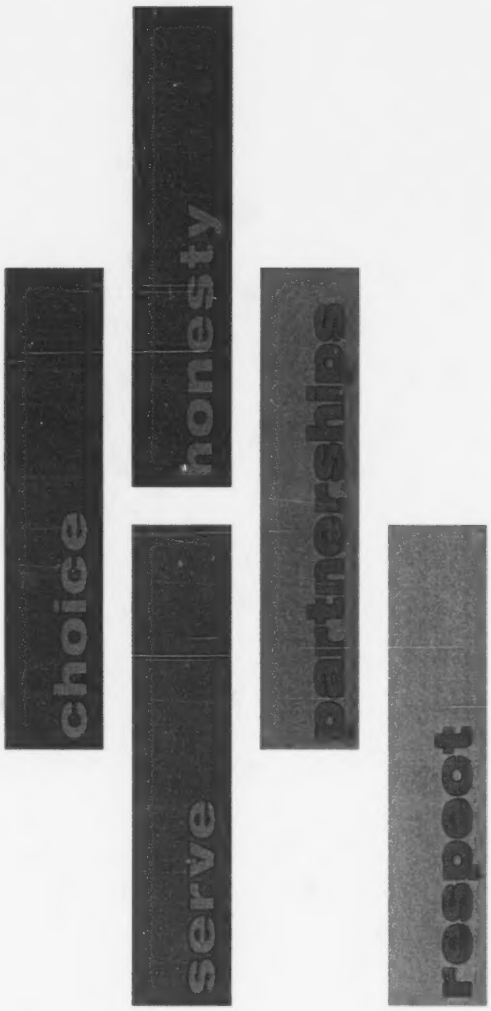


THE REGIONAL MUNICIPALITY OF NIAGARA
ONTARIO, CANADA

for the Fiscal Year Ending
December 31, 2009

Niagara Region
Building Community. Building Lives.



VISION

Niagara Region is a unified community of communities with diverse opportunities and qualities - together we strive for a better tomorrow.

MISSION

Niagara Region:
Building Community. Building Lives.

Niagara Region will serve its residents, businesses and visitors through leadership, partnership and the provision of effective and community focused services.

VALUES

Our Corporate values guide our decision-making and actions everyday.

WE SHOW RESPECT.
We treat everyone equitably with compassion, sensitivity and respect.

WE SERVE NIAGARA.
We serve Niagara with pride, care and excellence.

WE VALUE HONESTY.
We value honesty, integrity and trust.

WE PROMOTE CHOICE.
We believe in social, environmental and economic choices that support our diverse community.

WE FOSTER PARTNERSHIPS.
We foster collaboration and value partnerships.

CONTENTS

A: A Responsive Region
Niagara Region will be known for its effective decision-making, strong partnerships, clear accountability and service excellence.

B: Community and Social Well-Being
Niagara Region will support a safe, healthy, diverse, culturally rich community where people of all ages and incomes enjoy a high quality of life.

C: Economic Prosperity
Niagara Region will become a prime destination for investment and encourage the growth of a diversified and sustainable economic base.

D: Environmental Stewardship
Niagara Region will increase the health and sustainability of its physical infrastructure and natural environment for current and future generations.

E: Integrated Transportation System
Niagara Region will work collaboratively with others to strengthen and coordinate the transportation system and services, and support alternative choices for people and goods to move within and beyond the region.

F: Proactive Marketing and Communication
Niagara Region will have a consistent and compelling message of our interests and needs for the community to be a great place in which to live, study, work, visit and invest.

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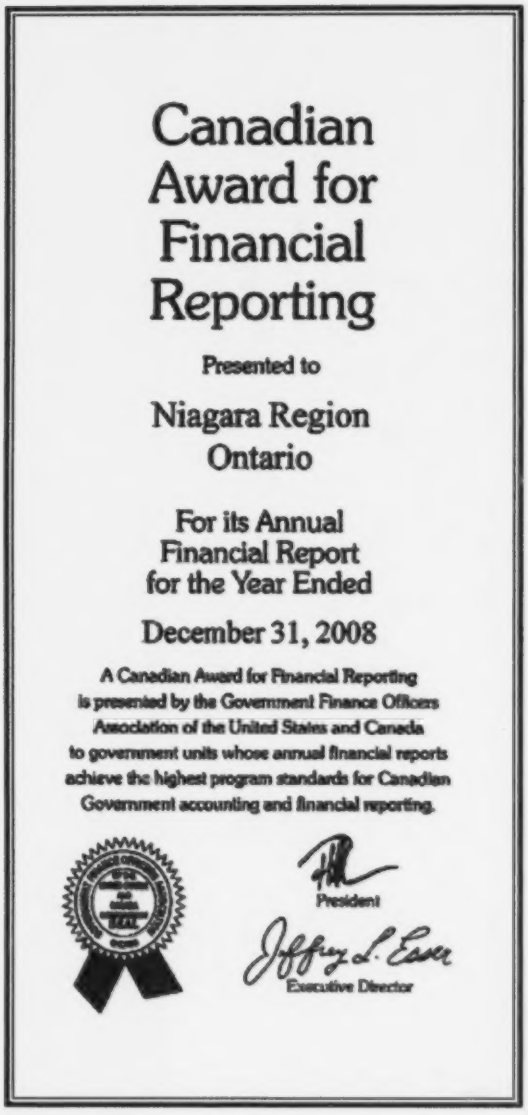
Niagara Region
Building Community. Building Lives.



Canadian Award for Financial Reporting

Presented to

Niagara Region
Ontario

For its Annual
Financial Report
for the Year Ended

December 31, 2008

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units whose annual financial reports achieve the highest program standards for Canadian Government accounting and financial reporting.

President

Executive Director

For the fifth year in a row, Niagara Region received the Canadian Award for Financial Reporting. A recipient must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should be beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the financial picture, enhance an understanding of financial reporting, and address user needs.

THE REGIONAL MUNICIPALITY OF NIAGARA, ONTARIO, CANADA

for the fiscal year ending December 31, 2009

Prepared by the Office of the Chief Administrative Officer
and the Corporate Services Department

Niagara Region
Building Community. Building Lives.

REGIONAL COUNCIL
2006 - 2010

Top Row:
Councillors Tim Rigby, Ronna Katzman, Robert Gabriel, David Lepp, Mark Bylsma, Michael Collins ***(deceased July 2009)***, Bob Saracino, Bruce Timms, Norman Puttick, Barbara Greenwood and Bill Smeaton

Second Row:
George Marshall, Judy Casselman, Dave Augustyn, Henry D'Angela, Debbie Zimmerman, Bill Hodgson, Brian Baty and Shirley Cordiner

Bottom Row:
Damian Goulbourne, Brian McMullan, Vance Badawey, Katie Trombetta, Peter Partington, Barbara Henderson, Ted Salci, Bob Bentley and Gary Burroughs

Absent:
Councillors Doug Martin, Brian Heit and Cindy Forster

Inset:
Councillor Carlos Garcia joined Regional Council in 2009 representing St. Catharines.

Mike Trojan, Chief Administrative Officer

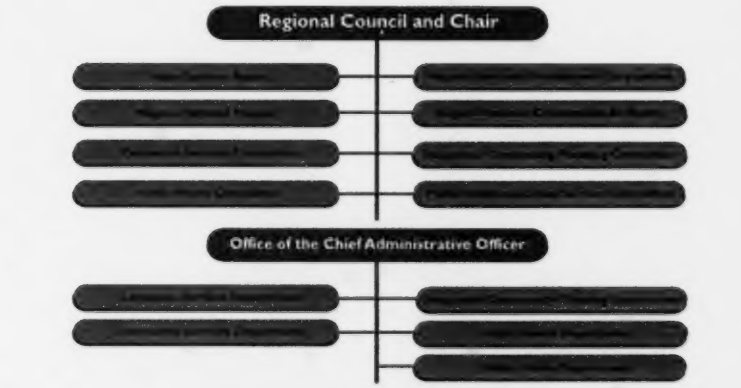
John Bergsma, Commissioner, Corporate Services

Ken Brothers, Commissioner, Public Works

Brian Hutchings, Commissioner, Community Services

Patrick Robson, Commissioner, Integrated Community Planning

Dr. Robin Williams, Medical Officer of Health and Commissioner, Public Health



Boards and Agencies - 2009

Niagara Economic Development Corporation
Dennis Parass, Chair
Patrick Gedge, Chief Executive Officer

Police Services Board
Larry Iggulden, Chair
Deb Horton, Executive Director

Niagara Peninsula Conservation Authority
Doug Ransom, Chair
Tony D'Amario, Chief Administrative Officer/Secretary-Treasurer

Niagara Regional Housing
Karen Murray, Chair
Lora Beckwith, General Manager

Other Supporting Services

Auditors
KPMG
Chartered Accountants

Fiscal Agents
National Bank Financial Inc.
RBC Capital Markets
CIBC World Markets Inc.

Fiscal Solicitor
Borden Ladner Gervais

Insurance Broker
HUB International Ontario Limited

Banker
The Royal Bank of Canada

Niagara Region
Building Community. Building Lives.

Boards and Agencies - 2009

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The Royal Bank of Canada

Niagara Region
Building Community. Building Lives.

A MESSAGE FROM THE REGIONAL CHAIRMAN

On behalf of Niagara Regional Council, I am pleased to share with you our 2009 Annual Report. In addition to providing an overview of the progress made toward Council's business plan priorities, we are proud to share some of Niagara Region's 2009 achievements.

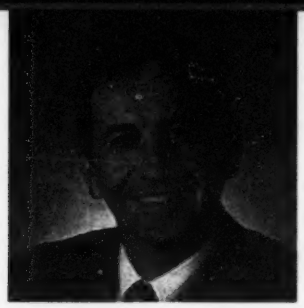
In 2009 Niagara Region faced some of the most challenging economic conditions since its inception forty years ago. We met these challenges with a resolve to maintain momentum, protect the programs and services that Niagara residents have come to rely on and minimize taxpayer burden. As you read this report, I hope you will agree that we were successful in these efforts.

Niagara Region's "One Voice" strategy, aimed at advocating for our 12 unique municipalities with a focused and unified approach, played a key role in many of our 2009 successes. Accomplishments like securing over $67 million in provincial and federal infrastructure investment, launching GO Transit services and advocating to protect and preserve our Great Lakes illustrate what we are capable of achieving when we work as one.

2010 presents us with additional opportunities to demonstrate that same collective strength. Affordable and reliable inter-municipal transit has the potential to change Niagara's economic landscape, and I am confident that if we work together, it is within our reach. With an additional $19 billion in stimulus spending announced in the federal budget for 2010, we will continue to position Niagara as a wise choice for investment.

As we enter the last year of this term of Council, and my final year as Chairman and as a member of Regional Council, I would like to take this opportunity to thank everyone who has taken an active role in shaping the future of Niagara region. Whether it's community members who provide valuable input on programs and services, community agencies that enhance the lives of our residents, Regional staff that provide such dedicated and professional support or my fellow Council members who work diligently to ensure that our community is a great place in which to live, your choice to be involved is the foundation for a stronger Niagara.

Peter Partington, Regional Chairman



A MESSAGE FROM THE CAO

Four years ago, when Regional Council initially set its Business Plan, few could have predicted the changes to the economic landscape that were to come. Yet, despite an economy that is drastically altered, the strategic objectives that drive Niagara Region's business plan remain relevant:

- Ongoing accountability to our citizens;
- Providing a high quality of life for all;
- Encouraging a sustainable economic base;
- Increasing the health and sustainability of our natural environment;
- Coordinating a diverse transportation system;
- Proactively informing residents and visitors about what we have to offer.

This unwavering commitment to these objectives has helped maintain a sense of focus during a time which has presented many potential distractions, and this year's Report provides an update on accomplishments for each objective.

The newly created Integrated Community Planning department, which was formed to build greater comprehensiveness and agility in support of community needs, quickly mobilized and, in concert with other departments and our agencies, boards and commissions, went on to produce solid results in 2009, including:

- Finalizing the Niagara 2031 Growth Management Strategy;
- Conducting a comprehensive emergency planning review;
- Researching effective communication practices to inform, engage, and educate residents;
- Supporting social planning and social equity initiatives;
- Capitalizing on the power of culture through the creation of a Niagara Culture Plan; and
- Continuing land-use policy cooperation efforts.

Niagara Region and the Niagara Region Police Services Board were able to avoid a costly Ontario Civilian Commission on Police Services hearing in September, 2009. Since then, a lot of work has been accomplished to jointly develop a Master Plan for the development of new police facilities over the next ten years. Key among the accomplishments was the joint development of selection criteria for the site of the new police headquarters based on adequate and effective policing standards and planning principles.

Regional Council directed staff to provide options for inter-municipal transit. In June, 2010 a three-year pilot project was endorsed that will create hourly bus links between St. Catharines, Niagara Falls and Welland with additional links between Niagara Falls and Fort Erie and Welland and Port Colborne. Moving forward on this long-standing issue will enhance the mobility of residents which is important for economic growth. It will address the needs of post-secondary students, workers who commute, and enhance the options for visitors to get around the region.

Our pandemic response plan was tested during the community-wide H1N1 outbreak. Public health staff met the challenge of mobilizing resources and employees to immunize over 54,780 residents. When combined with the vaccinations administered at doctors' offices, hospitals, long term care facilities and other agencies, a total of 156,950 doses were administered, representing 36 per cent of residents.

Meanwhile, Community Services staff responded to the surge in social assistance need as a demand result of the economic downturn. The Ontario Works caseload jumped 19 per cent over the previous year. To meet the increased demand for their services, employees worked collaboratively to develop and implement work flow strategies. These efforts helped ease work load pressures, made use of existing resources, and enabled staff to meet core service obligations.

Other notable achievements and announcements included:

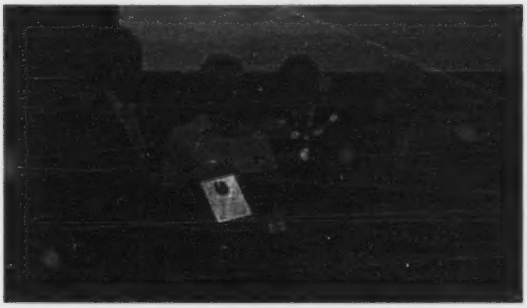
- Regional Council's approval of $88.2 million in infrastructure stimulus funding, provided equally by the federal, provincial and municipal levels of governments; and
- a modest Regional tax increase at 1.24 per cent after assessment growth of 1.2 per cent.

I would like to thank our Regional employees for all of their contributions in 2009. Your continued commitment to our values of respect, service, honesty, choice and partnerships continues to play a critical role in achieving Niagara Region's mission of: Building Community, Building Lives.

Mike Trojan, Chief Administrative Officer

A: A RESPONSIVE REGION

Five Regional Councillors were recognized for their years of public service at a special ceremony on December 17. The honourees from left to right are: Bill Smeaton (Niagara Falls, 36 years), Norm Puttick (Niagara Falls, 39 years), Bob Saracino (Port Colborne, 36 years), Debbie Zimmerman (Grimsby, 30 years) and George Marshall (Welland, 25 years). Making the presentations were Jim Bradley, MPP for St. Catharines, and Regional Chairman Peter Partington.



The T. Roy Adams Humanitarian Award was presented to St. Catharines resident and long-time volunteer William Craine. Pictured with Craine, from left to right, are Brian McMullan, Mayor of St. Catharines; Peter Partington, Regional Chairman; and Tim Rigby, Regional Councillor for St. Catharines.

Developing a Growth Strategy for a Healthy Sustainable Future

With a 20 per cent projected population growth to 545,000 by 2031, Niagara Region is creating a vision today for its long term growth and development.

Setting the stage for where and how Niagara will grow in the future, Niagara 2031 is part of an overall Growth Management Strategy that was initiated by Niagara Regional Council in 2007 and further developed by planning staff in the new Integrated Community Planning Department to examine land use and supporting infrastructure.

Community consultations began in the summer of 2007 to gather input from Regional staff, local municipalities, the Conservation Authority, Regional committees, industry stakeholders and the general public. In developing a preferred growth option for Niagara a number of factors were considered, including:

- How well does the growth option support development of existing urban centres, Niagara's Go South Strategy, and the proposed Economic Gateway and Zone?
- How well does the growth option provide a range of housing choices including affordable housing? Does it support intensification of residential development?
- How well does the growth option help to reduce the Region's carbon footprint and support 'green infrastructure' solutions?
- How well does the growth option promote healthy living, preserve cultural heritage assets, support Niagara as a destination for tourists and promote business investment and job creation?

A long-term growth strategy for the Region was presented in the fall of 2008 to Regional and municipal councillors, local chief administrative officers, city and town managers and residents. It includes more growth in South Niagara, more intensification in urban centres, better transit for the whole Region and strategic containment of urban boundaries.

This strategy, which has been endorsed by Regional Council, meets a range of provincial and Regional objectives, including Places to Grow targets for intensification and Greenfield densities. The Regional Policy Plan will be amended to provide long-term policy direction for the Region's future growth.

On May 28, 2009, Regional Council adopted the Regional Policy Plan Amendment which updates the Region's Policy Plan in order to implement the strategic directions of Niagara's Growth Management Strategy (Niagara 2031) and align the Plan with the Province's Places to Grow Plan (2006) and the Provincial Policy Statement (2005). It establishes a new a vision for the long term growth and development of Niagara and new policies to foster the development of sustainable, complete urban communities. Niagara Region, area municipalities and other stakeholders are now working together to address implementation of Niagara 2031 through local Official Plans and develop a policy framework for area municipalities to employ in preparing amendments to their Official Plans.

Balancing Development Charges

On July 30, 2009, Niagara Regional Council approved a new Development Charges by-law, increasing charges on new housing and commercial developments and easing the burden on taxpayers who had been paying many of the costs associated with new development.

The new development charges came into effect on September 1, 2009, and will be phased in over a five-year period. The new charges are $8,000 per single family unit (up from $5,827), $7.50 per square foot for commercial development (up from $3.38), and industrial charges will remain frozen at $2.20 per square foot. For many years, Niagara region had some of the lowest development charges in the province, with many southern Ontario regions charging substantially more. Even with the phased in increases, development charges in Niagara will still remain amongst the lowest in Ontario. This increase will cover costs driven by development growth for things such as roads, water and wastewater plants. "This by-law is meant to ease some of the burden on taxpayers," said John Bergsma, Commissioner of Corporate Services. "The by-law strikes a balance between development charge revenues to achieve the Region's Capital Budget Affordability Strategy, the potential impact on the level of development in Niagara and taxpayer affordability issues. The higher rates are vital for Niagara as we embark on crucial infrastructure projects over the next decade."

Six outstanding young people received help with the cost of their postsecondary education, picking up a 2009 Regional Chairman's Postsecondary Education Bursary at the July 30 Regional Council meeting. From left to right: Jenny-Lind Poulin, Finalist, Brock University; Katelyn Easby, Finalist, Niagara College; Natasha Smagata, Recipient, Niagara College; Guliano Portanova, Finalist, Brock University; and Jocelyn VandenBeukel, Finalist, Niagara College. Absent is Julia Inneo, Recipient, Brock University.

The newly relocated Public Health office and Sexual Health Centre in Welland was officially opened on September 10, 2009. Pictured from left to right: Damian Goulbourne, Regional Councillor and Mayor of Welland; Marilyn St. John, Director of Clinical Services, Public Health; Regional Chairman Peter Partington; Mike Trojan, Chief Administrative Officer; Barbara Henderson, Regional Councillor and Mayor of Wainfleet; and Shirley Cordiner, Regional Councillor for Fort Erie.

Funding Water and Wastewater Infrastructure

Over the next decade, Niagara Region is projected to spend $478 million for the replacement and refurbishment of its existing water and wastewater infrastructure. In addition, to remain compliant with provincial and federal requirements, the Region will be required to spend approximately $102 million to upgrade its facilities.

In 2009, Niagara Region introduced an important change in the way it charges area municipalities for water and wastewater services to ensure funding is available for these important projects.

The Region's water and wastewater systems are highly capital intensive, and the majority of these costs are fixed. Realizing that charging on usage alone was no longer viable, Niagara Region sought the input of area municipalities to determine how best to transition to a fee structure that also included a fixed cost recovery component. While the original recommendation called for a 50/50 per cent fixed/volumetric cost recovery method, after receiving feedback from area municipalities, Council moved to a 25 per cent fixed, 75 per cent volumetric cost recovery method.

"We needed to strike the right balance between securing the needed operating funds and limiting our financial exposure, while continuing to promote conservation," said Ken Brothers, Commissioner of Public Works. "Our aim is to provide effective and efficient services for today and tomorrow, and I believe we can accomplish this over the next few years by phasing in our new cost recovery methodology."

A: A RESPONSIVE REGION
... continued

Improved Services for Children and Seniors

Niagara Region Community Services actively pursued opportunities to enhance its programs and services for both children and older adults. In response to the provincial plan to introduce full day learning for four and five-year olds, Children's Services staff held planning sessions with school boards and the child care community to ensure smooth implementation. Children's Services also developed an on-line application tool to improve access and wait times for a variety of services, including child care subsidies and special needs resources.

Seniors Services secured provincial funding to launch new programs designed to help seniors live as independently as possible in their homes. These included a Falls Prevention exercise program and the Niagara Gatekeepers program which links "at risk" seniors to support programs. Seniors Services also strengthened its community outreach in 2009.

It initiated the Niagara Geriatric Services Collaborative, worked with the Niagara 50+ Council to create an active older adult network and partnered with three other organizations to form Age-Friendly Niagara. Age-Friendly Niagara to assists communities in providing services, facilities and spaces that take into consideration the needs of residents of all ages.

Achievements

The Niagara Emergency Medical Services Communication Centre is delivering first class service to Niagara and was awarded a second consecutive re-accreditation as a "Centre of Excellence" by the International Academy of Dispatch. According to John Cunnane, Chief of Niagara Emergency Medical Services, "The combination of highly trained staff, advanced technology and best practices is helping to save lives. This accreditation reflects our commitment to provide the best pre-hospital care." The Communication Centre receives approximately 70,000 calls per year resulting in 38,000 patient transfers.

Niagara Region was awarded the 2009 Canadian Institute of Planners Vision in Planning Award for three community plans being recognized as best practices within the planning profession. The Niagara Region Foodland Conservation Strategy, the Regional Policy Plan and the Strategy for Development and Conservation were recognized as community plans that have achieved or exceeded their intended expectations and represent a significant contribution to Canadian planning heritage.

B: COMMUNITY AND SOCIAL WELL-BEING

Mobilizing Niagara to Stop the Spread of HINI

When a community-wide HINI outbreak was declared in the fall of 2009, Niagara Region Public Health worked with community and health care partners across the region to quickly execute a well coordinated and accessible mass immunization program to reduce the spread of HINI in Niagara.

Eighty-five per cent of Niagara Region Public Health's staff were quickly redeployed to assist with HINI efforts, including administering 54,780 doses of the HINI vaccine at 86 clinics. When combined with the vaccinations administered at doctors' offices, hospitals, long term care facilities and other agencies, a total of 156,950 doses were administered, representing 36 per cent of Niagara residents.

Collaboration with corporate and community partners played a key role in educating the healthcare sector and the general public about the HINI virus. "I would like to offer my sincere appreciation to all residents for their ongoing support as we reduced the spread of HINI in Niagara," said Dr. Robin Williams, Medical Officer of Health.

Communicating the Health Story of Niagara

Information is power, and in 2009 Niagara Region Public Health presented important health and wellness information in an entirely new way in an effort to engage municipal and community stakeholders in creating a healthier Niagara as they develop new programs and services for residents. In June 2009, Niagara Region Public Health launched The Health Story of Niagara, a comprehensive summary of Niagara's current health data. The report focuses on the following topics:

- The Early Years
- Sexual Health
- Mental Health and Resiliency
- Chronic Diseases
- Injuries
- Infectious Diseases
- Environment
- Determinants of Health and Health Inequities

In addition to the published report, a community consultation session was held to translate this knowledge to community stakeholders, partners, and the community. The session included a presentation of Niagara's health data and risk factors, a video that put a human face to the data and a discussion regarding how the data could be used to inform program planning at a community level as well as next steps.

Responding to the Changing Landscape of Health Care in Niagara

Niagara Health System's restructuring efforts had a significant impact on Niagara Region's Emergency Medical Services (NEMS) in 2009. The transition of Port Colborne and Fort Erie's emergency departments into urgent care centres has meant that serious cases from those areas now require transport to hospitals in Welland and Niagara Falls. The changes resulted in the need for more ambulances and additional paramedics on Niagara roads to maintain response times. In a separate effort to manage ambulance waiting times, NEMS introduced and funded a new off-load nurse position at Niagara's emergency departments.

The extra vehicles and staff, paid for by Niagara Region, will cost about $3.3 million in the 2010 regional budget. According to Kevin Smith, Niagara EMS associate director, "We cannot control the changes the Niagara Health System makes. We can only react to them. That is why we are asking the Ministry of Health and Longterm care to fund 100 per cent of the budget increase."

Responding to a Surge in Social Assistance Need

Social Assistance and Employment Opportunities (SAEO) saw a significant increase in demand for service in 2009 as a result of the global economic downturn.

The Ontario Works caseload jumped 19 per cent over the previous year. During 2009, 8,823 families or 18,302 individuals received service compared with 7,457 families or 15,757 individuals in 2008.

To meet the increased demand for their services, SAEO employees worked collaboratively to develop and implement work flow strategies. These efforts helped ease work load pressures, made use of existing resources, and enabled staff to meet core service obligations.

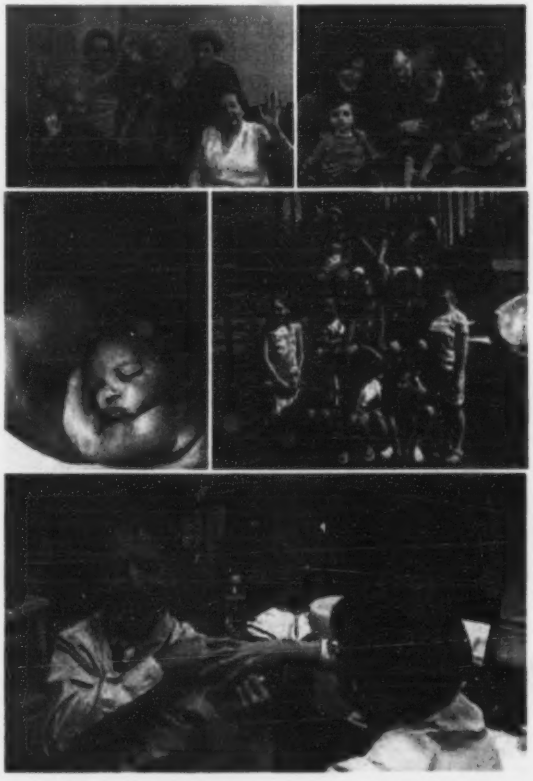
Niagara Prosperity Initiative

SAEO also led the Region's efforts to address poverty in Niagara by leading the Niagara Prosperity Initiative, a partnership among private, voluntary and public sectors established to address poverty at the neighbourhood level. In 2009, 34 projects delivered by 20 agencies across Niagara were funded by the Initiative. Projects focused on providing assistance to help residents access public transit, food, clothing, and summer and after school programs. SAEO staff also developed a mapping tool to identify neighbourhoods most in need according to a set of economic and social indicators. The tool will help ensure poverty reduction resources are allocated where they are needed most.

Achievements

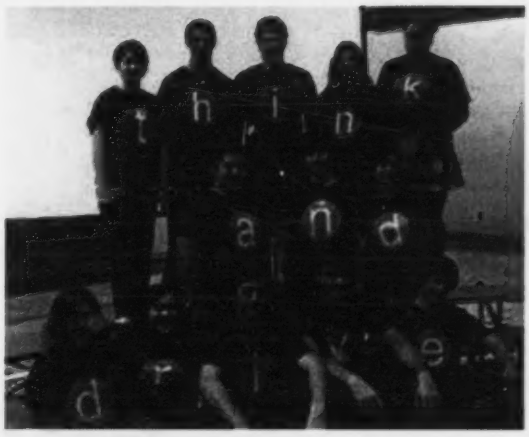
Three hundred and eighty-three teens from low-income families received much needed dental care in 2009 as a result of the expansion of the Children in Need of Treatment (CINOT) Program. The program, which previously covered children from birth to age 13 was enhanced in 2009 to include children up to age 17. Providing free dental services and treatment to children with no dental coverage, the goal of the program is to improve the oral health of Ontario's low income families by ensuring that no child goes without essential dental care as a result of an inability to pay.

Since 1999, the Niagara Region Public Health "Health Bus" has been providing mobile medical services to the hard to reach populations of Niagara. In 2009, a new "Health Bus" van rolled into Niagara, generously donated by the Wise Guys Charity Fund. The Health Bus is staffed by two registered nurse practitioners, public health nurses and a community support worker from the Community Mental Health Program. Health Bus services include the treatment of minor medical conditions, vaccinations, pregnancy tests, free condoms, birth control, sexually transmitted infection testing and treatment, mental health counselling and prescriptions, when a Nurse Practitioner is available.



Mike Trojan, Chief Administrative Officer, was one of the first residents to receive the H1N1 vaccination. Niagara Region Public Health administered directly, or distributed to other agencies, more than 155,000 doses of the H1N1 influenza vaccine, immunizing more than a third of residents.

NIAGARA REGIONAL POLICE SERVICE



a second is all it takes

The Niagara Regional Police Service continued to proudly serve the region in 2009 and remained committed to making the Niagara region a safe place to live and visit. Problem Solving, Crime Prevention and an emphasis on Road Safety were at the forefront of community-based initiatives, including the Think and Drive campaign, winner of the prestigious Ontario Association of Chiefs of Police Traffic Safety Award, which were implemented through our relationships with our community partners.

The Special Enforcement Unit and divisional units were instrumental in keeping our roads safer in 2009 and the trend of fewer traffic fatalities continued. This was associated with our increased enforcement of road safety legislation in an effort to keep Niagara's roads safer. A total of 807 arrests for impaired driving were made in 2009, furthering the services commitment to reduce the number of people engaging in this serious criminal offence.

As part of our commitment to the community and providing effective policing, the Niagara Regional Police Service is gathering information from our citizens through satisfaction surveys that will help ensure quality service delivery.

Our focus on addressing drug related offences yielded excellent results in 2009. Sixty-two marijuana grow operations were shut down leading to the seizure of 15,560 plants with a potential street value of over $15 million dollars. These operations also led to the seizure of over $500,000 in growing equipment and over $20,000 in cash.

2009 saw a period of transition from a human resources perspective with unprecedented retirements and a number of proactive initiatives to address the changes in our workforce. We will continue to recruit individuals with the knowledge, training and abilities to complement our skilled workforce, to provide quality police services with professionalism, diligence and integrity.

NRH

Niagara Regional Housing

Niagara Regional Housing (NRH) has acted on behalf of Niagara Region as Service Manager for affordable housing in Niagara since 2002. During that time, NRH has forged partnerships with many community agencies to create new affordable housing opportunities, improve the quality of affordable housing and ensure that tenants in affordable housing have access to the services they need to maximize their potential for themselves, their families and their communities.

In 2009, the local and national economies continued to struggle and the waiting list for affordable housing in Niagara grew by 9 per cent. The number of homeless applicants on the waiting list grew by 25 per cent between 2008 and 2009. NRH is committed to developing creative solutions to the shortage of affordable housing because we know the difference the security of a home can make. Stable homes enable people to pursue education, find and keep employment and forge social, community and family connections.

NRH also knows that Niagara is a combination of communities with different needs – and that to meet those needs we must be responsive to changing economic and social conditions. Through the Canada-Ontario Affordable Housing Program, we were successful in bringing over $8 million in new affordable housing development to Niagara – which also generates much-needed employment. In addition to pursuing a wide range of affordable housing options for the people of Niagara, NRH is committed to providing service that is environmentally responsible and accessible. In 2009, through the Social Housing Renovation and Retrofit Program (SHRRP), we assisted 35 housing providers to begin more than $17 million in upgrades in affordable housing communities. We are enhancing energy efficiencies in our communities by improving thermal comfort, reducing energy costs through upgraded heating systems, appliances, windows and doors. This has resulted in more than $100,000 in government rebates.

In 2010, NRH will continue to seek out and support affordable housing that will improve the lives of the citizens of Niagara, while endeavouring to be an example of social progress and community responsibility. For more information about affordable housing in Niagara, please see our website at www.nrh.ca or call 905-682-9201.

Niagara Region

Building Community. Building Lives.

C: ECONOMIC PROSPERITY

Creating Conditions for Prosperity

Creating conditions to attract new investment to Niagara and help business leaders create new jobs for residents was a key focus for Regional Council in 2009.

Expedited approval of the 2009 capital projects budget in December 2008 helped jumpstart Niagara's economy and get projects underway as soon as possible. Under normal circumstances the budget would not have been approved until March 31st. In addition, the Region worked to expedite public works projects by ensuring that they were "shovel-ready," eliminating "red-tape" delays and identifying process improvements.

A deliberate decision was made to keep tax rates low to make Niagara more competitive. In 2009 Niagara Region approved a tax increase of 1.24 per cent, continuing the Region's trend to keep the average regional tax increase below the rate of inflation. As a result, Niagara Region recorded the lowest tax rate increase of any peer region in Ontario.

Marketing initiatives like "Ports Niagara" are helping to position Niagara as a multimodal transportation hub and build on Niagara's advantage for businesses seeking locations on the Great Lakes.

Securing Infrastructure Funding

After many months working to advance infrastructure priorities with the provincial and federal governments, Niagara's needs were recognized in 2009 with over $67 million in Infrastructure Stimulus funding. Regional projects that received federal and provincial funding included:

- Seaway Wastewater Treatment Plant upgrade in Port Colborne
- Frenchman's Creek Sewage Servicing in Fort Erie
- Niagara Falls Combined Sewer Overflow
- Mountain Road Reconstruction and Storm Drainage in Niagara Falls
- Baker Road Wastewater Treatment Plant upgrade in Grimsby
- Fly Road reconstruction and upgrade in Lincoln

According to Ken Brothers, Commissioner of Public Works, "Not only are these important and necessary infrastructure projects, but the job creation that goes with them is the key outcome."

Developing Niagara's Local Food Action Plan

In February 2009, Niagara Region hosted the second Niagara Local Food Action Forum, building on the work of the initial forum held in 2008. The workshop brought together key stakeholders including farmers, retailers, processors, distributors and government officials to create solutions promoting the growth of Niagara's food industry.

The Niagara Food Action plan promotes reliable markets for Niagara producers, economic development through local markets and opportunities to enhance wine and culinary tourism.

Niagara Natural Fruit Snacks Inc. is an excellent illustration of the type of business that the Niagara Food Action plan aims to attract through the promotion of Niagara as a wise choice for food industry investment. Niagara Natural Fruit Snacks, which opened in the spring

of 2009, has rented part of the former Can-Gro plant facilities in St. Davids to make healthy snacks from local fruit. The plant will initially employ nine people to process fruit from local growers to produce all-natural products comparable in taste with artificially flavoured, sugar-based snacks.

Positioning Niagara for Green Energy Investment

Niagara is an ideal location for alternative energy manufacturing. In October a team of local business development professionals and municipal leaders communicated Niagara's strengths to a number of alternative energy manufacturers during the 2009 Team Niagara European Trade Mission. With the green energy sector in Europe reaching maturity, many wind and solar technology manufacturing companies are looking to North America for new growth opportunities. Niagara offers several advantages to potential manufacturing operations: an integrated transportation network, a skilled workforce, an established supply chain and an international border location. For companies interested in establishing green energy production, the Great Lakes region is home to some of the strongest wind patterns in North America. According to Patrick Gedge, chief executive officer for the Niagara Economic Development Corporation, "The time to aggressively pursue new green energy related investment is now. With overseas companies actively seeking new growth opportunities in North America, we need to make sure that Niagara, with all its advantages, is on the radar screens of key decision-makers."

Achievements

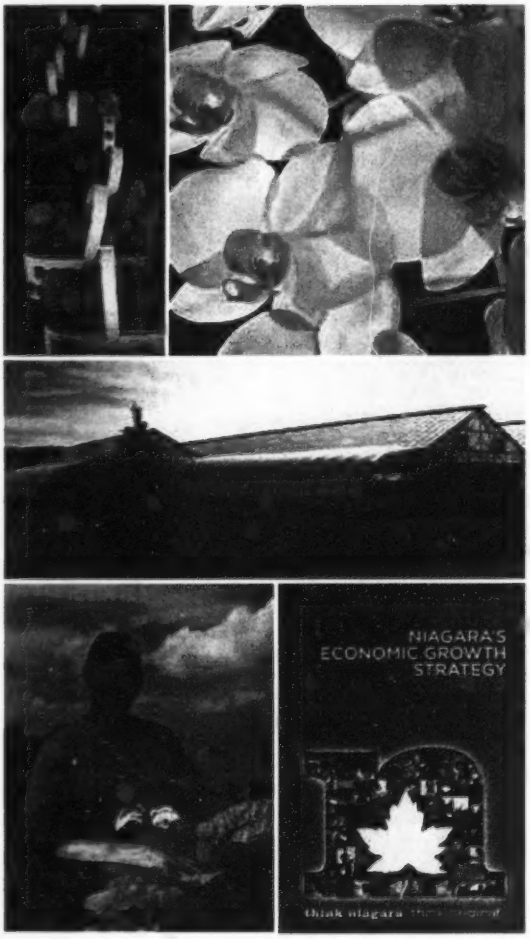
Competing against four private sector firms, Niagara Region was awarded a five-year contract in 2009 to transport, process and market approximately 29,000 tonnes per year of the Region of Waterloo's recyclable fibre material. In addition to leveraging surplus capacity at the Niagara Region Recycling Centre in Niagara Falls, the contract will create 20 new part-time jobs.

Despite 2009's challenging economic climate, Niagara Region maintained its "AA" Standard and Poor's credit rating. Niagara's strong operating performance and promising long-term economic prospects were key contributors to the positive rating. Standard and Poor's also acknowledged Niagara Region's pursuit of economic clusters in biomanufacturing and green energy as having positive growth potential for the region's long-term economic prospects.

Toronto's successful bid for the 2015 Pan/Parapan American Games is great news for Niagara. Niagara has been selected as the venue for outdoor water sport competitions in rowing and canoe/kayak sprint events. The City of St. Catharines and the Canadian Henley Rowing Corporation will host the rowing competitions at the Royal Canadian Henley Regatta Course. The City of Welland and the Welland Recreational Canal Corporation will host the Canoe/Kayak spring events at the International Flatwater Centre on the North Course of the old Welland Canal. The City of Niagara Falls will be the site of a Welcome Centre that will host athletes and visitors. In addition to showcasing Niagara as a great place to live, work and play, the games will result in additional tourism revenue for the region.

Significant progress was made toward the creation of a new Culture Plan for Niagara Region in 2009. Over the summer, a Culture Plan discussion paper was launched and feedback from the public was collected through the Niagara website and a Culture Plan Facebook site. In addition, a successful workshop was held in Niagara Falls in July with over 140 residents in attendance. To further engage residents in the cultural discussion, Niagara Region launched the My Niagara photo and video contest through the Region's website and social media sites like Facebook and YouTube. Over 300 residents submitted photos or videos that demonstrated what Niagara means to them. Efforts will continue through 2010, culminating with the creation of the Niagara Region Culture Plan.

NIAGARA
ECONOMIC DEVELOPMENT
CORPORATION



The Niagara Economic Development Corporation (NEDC) is the Niagara Region's economic development agency. With the help of governments, municipalities, industry associations and other economic partners, NEDC works to promote, advocate, and facilitate Niagara's business and tourism growth and competitiveness. These partnerships are spurring new opportunities for Niagara to capitalize on the inherent advantages of its geographic location, resource assets, economic clustering and the readiness of the region to move in new directions such as wind and solar energy, digital interactive media, biosciences and health and wellness.

NEDC coordinated and drafted an updated Navigating Our Future: Niagara's Economic Growth Strategy 2009-2012, which was adopted by Regional Council along with a full implementation plan. The Growth Strategy is Niagara's blueprint for economic growth and development, and it provides a common, focused approach for business and public sector institutions to follow in their efforts to strengthen, expand and further develop Niagara's economy.

In support of the Growth Strategy, NEDC worked with numerous partners and stakeholders and provided key leadership and support for a broad range of organizations and initiatives such as Ports Niagara, nGen – Niagara's Interactive Media Generator, The War of 1812 Bicentennial, GO Transit summer train service, the Niagara Industrial Association and the Regional Chair's Agricultural Task Force in support of local food.

In the spring, NEDC launched "Niagara Success Stories", a multi-faceted business-to-business marketing campaign to build awareness of Niagara as a prime destination for investment. The campaign featured 11 successful Niagara-based businesses that are in innovative and non-traditional sectors of Niagara's economy. The campaign included a compelling video published on NEDC's niagaracanada.com website, newspaper inserts, stand-alone brochures, and advertising in targeted business publications such as Canadian Business, Profit magazine, and Financial Post magazine with an estimated total reach of over 10 million readers.

With overseas companies actively seeking new growth opportunities in North America for new green energy investment, NEDC organized and led a European mission to Holland, Denmark, Spain, and Germany that involved 26 meetings over 11 days. These face-to-face business meetings were held principally with alternative energy manufacturers and provided valuable opportunities to showcase Niagara's competitive advantages and unique opportunities to key decision-makers in Europe's green energy manufacturing sector. NEDC also hosted visiting delegations from around the world, notably China, South Korea, Germany, and Spain, who were interested in Niagara as an investment opportunity for wind and solar energy.

Tourism Niagara is a division of the Niagara Economic Development Corporation. Its mission is to effectively market the wide variety of tourism opportunities that the Niagara region has to offer. The official website for tourism in the Niagara region is tourismniagara.com. In 2009 it generated over one million page views from approximately 250,000 unique visits. As well, leveraging a budget of just $25,000, Tourism Niagara was able to generate a record $4,898,715 value of media coverage for Niagara tourism experiences, tracking over 71 stories published and hosting 33 writers and two film crews.

2009 was a banner year for NEDC as its efforts and accomplishments in branding and marketing Niagara were recognized by several industry and professional associations. It received an Award of Excellence in Marketing from the Economic Developers of Ontario (EDCO), and a Marketing Canada Award from the Economic Developers Association of Canada, both for its Niagara Original brand; and at the Canadian Urban Institute Conference in Vancouver, NEDC was presented with a marketing award for the establishment and marketing of "Niagara's Top Redevelopment Opportunities". Niagara's economic development agency also won an Award of Merit from EDCO for its Business Directory, which is a comprehensive listing of 2780 businesses across the Niagara region.

During 2009, NEDC spearheaded a wide variety of initiatives designed to build a stronger collective voice for Niagara, market Niagara to the world, seek new business opportunities, improve transportation and infrastructure, establish partnerships and support regional initiatives, develop Niagara's talent pool and promote Niagara tourism. All of these initiatives will continue in 2010, in line with Regional Council's Business Plan 2007-2011 and Navigating Our Future: Niagara's Economic Growth Strategy 2009-2012.

D: ENVIRONMENTAL STEWARDSHIP

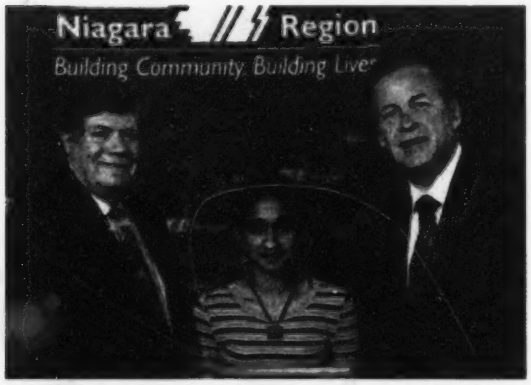
Reducing Our Environmental Footprint

The "Partners for Climate Change Program" is a network of municipal governments that have committed to reducing greenhouse gas emissions and acting on climate change. As Niagara Region intensifies its focus on energy conservation and action on climate change, participation in the program was a natural fit.

The five child care centres operated by Niagara Region Children's Services reduced the amount of paper by 75 per cent through the use of cloth napkins and towels. Seniors Services installed an interval meter at one long-term care home on a pilot basis to better monitor and manage energy consumption.

The "Partners for Climate Change Program" guides municipalities in their efforts to reduce greenhouse gas emissions through creating a greenhouse gas emissions inventory and forecast, setting emissions reductions plans, developing and implementing a local action plan, monitoring progress and reporting results.

As the primary step, Niagara Region developed an inventory of its corporate greenhouse gas emissions based on 2006 data. According to the inventory, which included emissions from corporate operations including the Niagara Regional Police Service, Niagara Economic Development Corporation, Niagara Regional Housing and Niagara Peninsula Conservation Authority, the Region produced 52,594 tonnes of greenhouse emissions in 2006.



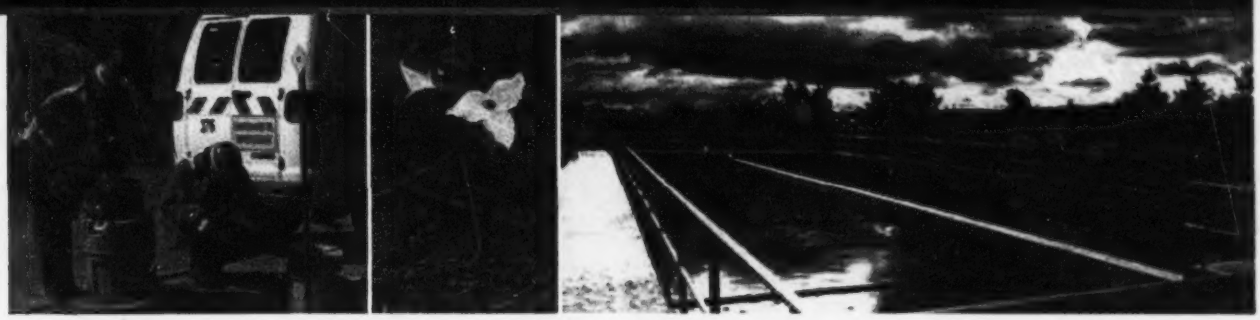
Varsha Jayasankar, a student at Power Glen Public School in St. Catharines, received the Environmental Award for Young People, Elementary Age Category.

With the inventory complete, the focus has shifted to developing plans to reduce greenhouse gas emissions and developing a local action plan for the community. Niagara Region's Public Works department has already implemented a number of initiatives, including:

- Introducing power generating equipment at the Welland water treatment plant;
- Retrofitting Regional water and wastewater facilities with energy efficient lighting fixtures to save 20-40 per cent of the annual lighting costs and significantly reduce electrical consumption;
- Modifying the Engineering Design Standards Manual, which outlines equipment specifications and preferences, to include additional high efficiency options;
- Introducing an energy efficiency lighting program at several facilities to retrofit lighting systems to save energy, reduce operating costs, improve reliability, and minimize environmental impact. In some facilities existing fixtures have been replaced with high efficiency lamps and ballasts resulting in a 42 per cent improvement in energy efficiency;
- Eliminating excessive lighting through the use of automatic controls including motion detectors and daylight sensors.

Investigating Greener Alternatives

Niagara Region's Baker Road Wastewater Treatment plant successfully completed an exciting full-scale study that could decrease damage to fish and aquatic life by reducing the amount of chlorine in the wastewater that is released into Lake Ontario. The project, which involved a number of Regional staff, was led by Carleton University professor, Dr. Onita Basu, a consultant for Niagara Region's Water and Wastewater Services



Division. The study aimed to determine whether peracetic acid could be used instead of chlorine to disinfect treated wastewater. Peracetic acid is produced by combining hydrogen peroxide and acetic acid, the main ingredient in vinegar.

This is the first study of its kind in Canada that is related to municipal wastewater. This collaborative research project could minimize the adverse effects on the environment, especially for aquatic life, that are associated with chlorine. Research already conducted in Europe shows that peracetic acid is environmentally less toxic than chlorine. By pioneering the study, Niagara Region has once again shown leadership in the area of water and wastewater treatment.

Safeguarding Combined Sewers

Combined sewers were designed to carry both rain water and wastewater in one pipe from residential properties. Under dry weather conditions, combined sewers transport mainly sanitary sewage to the Region's Wastewater Treatment Plants. During rainfall or snowmelt, water flows into the same pipe combining with sanitary sewage and creating a "combined sewer overflow".

Combined sewer overflows can have a negative impact on human health and the natural environment and Niagara Region is committed to addressing conditions to ensure that residents aren't at risk. To date, 96 separate projects have been initiated, including:

- The construction and implementation of state-of-the art high rate treatment facilities;
- Installing separate residential sewers for storm water and sanitary sewage;
- Promoting initiatives like downspout disconnections to reduce the amount of water entering combined sewers;
- Building underground combined sewer storage tanks that hold sewage during heavy rainfall, releasing it back into the sewer for treatment at the appropriate plant after the rainfall;
- Providing disinfection at combined sewer overflow locations;
- Working in conjunction with area municipalities to develop Canada's first combined sewer overflow reporting protocol.

Achievements

Niagara Region's Battery Recycling Program was recognized by the Recycling Council of Ontario with a "Bronze Municipal Unique Program Award," for demonstrating excellence and leadership in the creation of waste reduction and diversion initiatives. Since the launch of the program in 2008 more than 51,000 kg of batteries have been collected. In addition to the Region's mobile household hazardous waste units, residents can bring batteries to four permanent battery recycling stations at the Region's landfill sites and Walker Industries' Residential Drop off Depot.

The 'Be WaterSmart' painting contest was introduced at the 2009 Niagara Children's Water Festival to promote awareness about water-related issues among grades three and four students. The contest highlighted the importance of water protection and conservation in the Niagara watershed eco-system.

The Region's Recycling Centre in Niagara Falls saw a number of environmental improvements this fall, including:

- New solar chimneys that take advantage of passive ventilation and require less mechanical equipment;
- New skylights, focused lighting and heating/cooling systems to improve working conditions;
- A new geothermal heat pump system to heat and cool the enclosed pre-sort area that costs less and also conserves natural resources;
- Construction of the first phase of a green parking lot that will divert drainage from a combined municipal sewer.

NIAGARA PENINSULA
CONSERVATION
AUTHORITY

Before "global warming" and "eco-friendly" became catch-phrases, the Niagara Peninsula Conservation Authority (NPCA) was working diligently to conserve and protect Niagara's natural resources.

In 2009, the Niagara Peninsula Conservation Authority celebrated a proud 50 year history. Founded by a small group of passionate local individuals who paved the way for the establishment of the NPCA, the committee representatives studied the conservation needs of the peninsula, arranged tours within its boundaries, and held meetings to pass the necessary resolution to officially form a conservation authority. On April 30, 1959, the Niagara Peninsula Conservation Authority was established and the Tulip Tree, which thrives in Niagara's temperate climate, became its emblem.

The NPCA now serves a population of approximately 500,000 people, encompassing the entire Niagara Region, 21 per cent of the City of Hamilton and 25 per cent of Haldimand County, and is governed by a Board of Directors comprised of 15 members appointed by the member municipalities. These members include a cross-section of representatives from every municipality and they bring both an environmental and political perspective to the board.

The Authority has evolved from being initially a regulatory agency that dealt with floodplains and land use to a more environmental agency undertaking programs that are meant to improve the environment for our watershed residents. The NPCA's ongoing commitment to stewardship is reflected investments in our programs by continuing to educate and increase awareness of all residents to do their part to make our area a better place to live.

Programs include: land management, which deals with properties, facilities, campgrounds, and natural areas; a water department, which encompasses various water management responsibilities and programs, including flood forecasting, maintenance of Authority owned dams, source water protection, watershed restoration and planning as well as support activities such as GIS and water quality monitoring; an administrative side, which includes communications and outreach and the Conservation Foundation, which is charged with the fundraising activities to support projects.

As the fundraising arm for the Authority, the foundation's fundraising efforts focus on all areas, from research to education to capital projects. An important component of improving the environment includes a very active tree-planting program of anywhere between 50,000 to 100,000 trees per year both on lands owned by the Authority and private lands. As part of the Authority's 50th Anniversary a project called "Simply Tree-Mendous Challenge" was kicked off with a goal of encouraging residents, groups, service clubs and businesses to plant 50,000 native trees across the watershed over an anticipated two-year period. The NPCA will provide information, including their "Guide to Celebrate Niagara Peninsula's Native Plants" and list of suppliers to everyone interested in participating. At the end of the challenge, a special award will be given to the municipality that has planted the most native species.

It's the small actions that will ensure that we continue to make the Niagara watershed a great place to live, work and play.

Niagara Region
Building Community. Building Lives.

E: INTEGRATED TRANSPORTATION SYSTEM

Regional Chairman Peter Partington joined Niagara MPPs Jim Bradley and Kim Craitor and Gary McNeil, General Manager, GO (far left) to welcome the first GO Train to Niagara in May 2009.

Niagara Region unveiled a unique piece of public artwork, entitled "Right on Time" at the Grimsby GO Park and Ride lot on November 6, 2009. The artwork was sponsored by Niagara Region, Metrolinx and the Ontario Ministry of Transportation through the artsVest Niagara Public Art Program. From left to right: Dr. Rosemary Hale, Chair of the Regional Culture Plan Advisory Committee; artist Brett Davis; and Brian Baty, Regional Councillor for Pelham.

Securing GO Transit Service for Niagara

The extension of GO Transit service to Niagara in the summer of 2009 represented a significant step forward on Niagara Region's path toward a stronger, more coordinated and diverse transit system.

GO Train service, which ran between Niagara Falls, St. Catharines and Toronto on weekends and holidays from the end of June through Thanksgiving, attracted more than 40,000 riders. In addition to offering Niagara residents a new mode of travel, GO Transit weekend service provided a boost to Niagara's tourism sector and also represented an environmental win by getting more people out of cars and reducing greenhouse gases.

Weekday GO Bus service between Niagara Falls and Burlington was introduced in September, with 12 trips in each direction every weekday and six trips in each direction on weekends. By November, average weekday ridership had reached approximately 460 people.

GO Transit is looking at permanently expanding rail service to the Niagara Peninsula. An environmental assessment was started in November 2009 to examine potential locations for new stations and a layover facility site, as well as improvements along the rail corridor.

Expanding Highway 406

An important milestone for Niagara's Grow South Strategy occurred in May 2009 with the announcement that $100 million in funding had been secured for the expansion of Highway 406 between Thorold and Welland. These improvements to Highway 406 will allow for improved traffic flow, while creating jobs and strengthening Niagara's economy. The expansion will include:

- New interchanges at Merritt Road and Woodlawn Road;
- New bridges at Port Robinson, Old Welland Canal and Welland River;
- Four Trillium Railway overpasses;
- A new roundabout at East Main Street in Welland;
- A new carpool lot at Woodlawn Road in Welland.

The project, which got underway in September 2009, will result in an additional six lane kilometres of roadway and 11,000 jobs.

A provincial funding commitment to expand Highway 406 from Thorold to Welland was announced in May 2009. Pictured from left to right: Peter Partington, Regional Chairman; Jim Bradley, then Minister of Transportation; Henry D'Angela, Mayor of Thorold; and Damian Goulbourne, Mayor of Welland.

Facilitating Inter-municipal Transit Service

In 2009, an Inter-municipal Transit Work Plan was completed, paving the way for Council's endorsement in June 2010 of a three-year pilot project. Under the plan, the Region will invest $3.7 million to acquire eight buses that will provide hourly service between St. Catharines, Niagara Falls and Welland with additional links between Niagara Falls and Fort Erie and Welland and Port Colborne. The service will be operated by the transit authorities in St. Catharines, Niagara Falls and Welland. Council's decision to move forward on this long-standing issue followed extensive public consultation. The views of more than 1200 residents were heard through an online survey or attendance at a public information session.

This feedback was used in creating the following vision for inter-municipal transit in Niagara:

- Public transit will form an important and integral component of Niagara's transportation system;
- Residents of Niagara will be provided affordable and reliable transit services to conveniently access places of work and major activities in the urban areas;
- The cost for providing such a system will be distributed in a fair and equitable manner;
- Inter-municipal transit services will be provided connecting Niagara residents to the surrounding municipalities, regions and the Greater Toronto area.

Achievements

Eighty-six residents took part in Niagara Region Public Health's CAN Bike courses in 2009. The courses, which are the Canadian Standard for cycling education, are available for children, beginner and advanced adult cyclists and instructors.

F: PROACTIVE MARKETING AND COMMUNICATIONS

Responding to Residents' Communication Needs

In February 2009, Niagara Region surveyed 2500 Niagara residents to ask for their feedback on the communications they receive from the Region. The objectives of the survey were to determine the nature of the Region's future publications, identify how to best engage residents in Regional issues, determine the best ways to improve awareness and understanding of programs and services and identify residents' preference for online versus printed information.

One common request from survey participants was for more information about Regional government, in a variety of formats, including print and online. In response to this feedback, there are a number of new communications tools available for residents to access information about the Region. A new print newsletter, Our Niagara Region, was distributed to homes and apartments in October 2009. A new directory has been created which includes a complete listing of Niagara Region's programs and services. The directory was distributed to residents in early 2010.

To communicate more detailed information about its programs and services, Niagara Region launched "Our Niagara e-news." Available monthly through online subscription, it focuses on programs and services offered by Regional government, as well as highlighting important decisions made by Regional Council. According to Niagara Region Chief Administrative Officer Mike Trojan, "Public awareness of the services provided by Niagara Region is an important goal for council. We want residents to know what we do and how we serve them."

Increasing Niagara Region's Online Presence

In 2009, use of social media websites exploded and Niagara Region quickly embraced this new technology. Residents looking for real-time communication can now access the Niagara Region Facebook Page,

subscribe to Niagara Region Twitter updates, and view Regional videos on YouTube. The up-to-the-minute communications that these channels allow will be extremely useful in situations when information is changing quickly and public awareness is crucial.

Perhaps more important than their ability to get a message out to the public quickly, is the role that Niagara Region's use of social media tools will play in encouraging dialogue and allowing residents to easily provide their feedback to the region. Early signs indicate that Niagara residents want to be a part of that conversation, with over 500 individuals already engaged through the Region's Facebook and Twitter pages.

Social media will also play an important role in communicating with and engaging Niagara's youth. With almost 3000 views, Niagara Region's "H1N1 Boom Boom Pow" awareness video illustrates the powerful role that channels like YouTube can play in communicating a message.

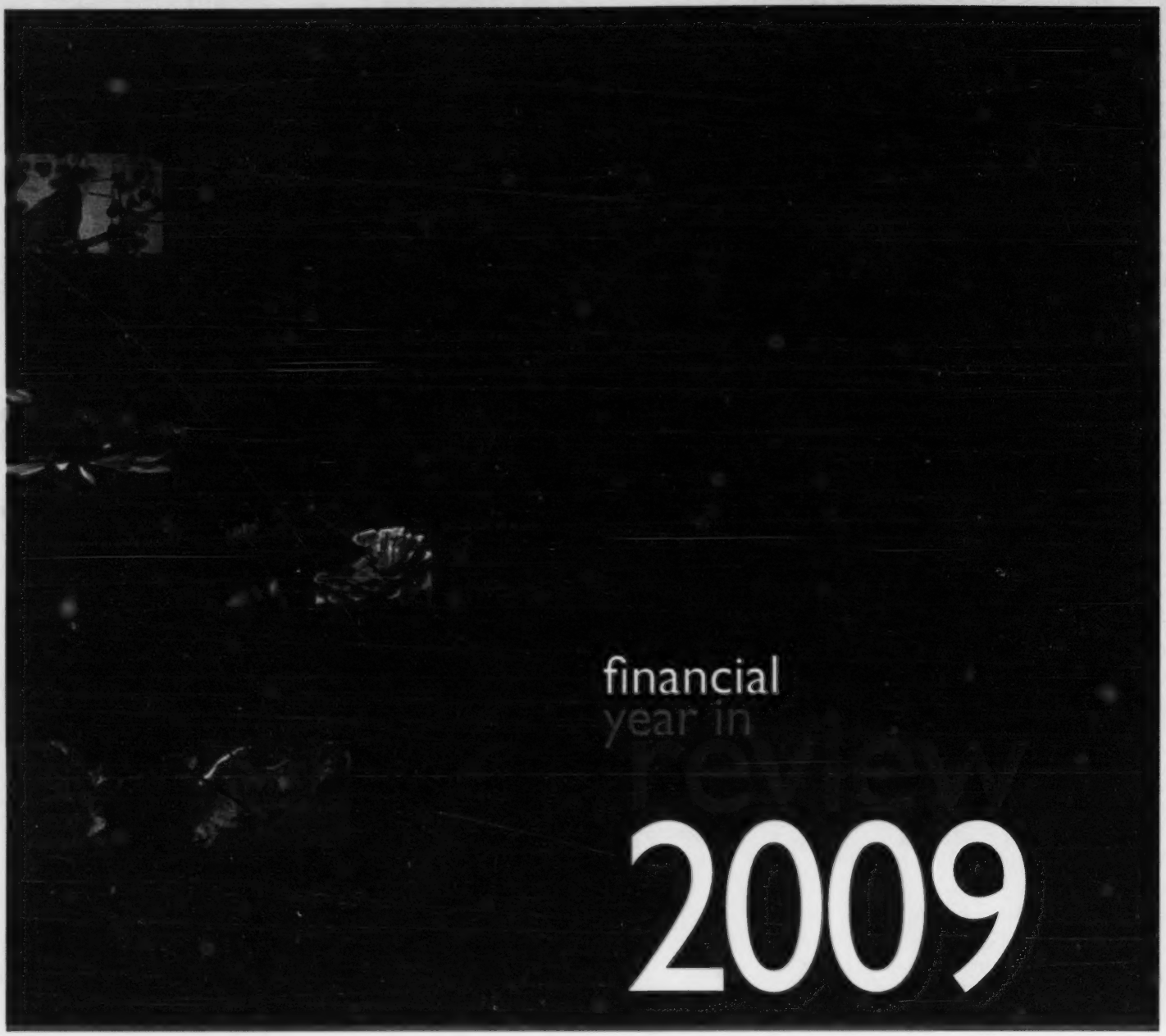
Achievements

In October, Niagara Region introduced a new Civics Curriculum package to assist Niagara's teachers in educating grades five, eight and ten students about the role of Regional government. The package includes presentation materials and interactive games aimed at teaching students about topics including municipal governance, government in Niagara and municipal careers. Regional councilors and employees are making classroom visits to assist teachers in delivering this new curriculum.

The Niagara Economic Development Corporation launched a proactive and innovative marketing campaign focused on promoting business and technology development in the Niagara Region. The "Niagara Original" marketing campaign features several innovative Niagara-based businesses that are succeeding in Niagara. The campaign includes 13 different testimonial-style ads that make up the "Top 10 Reasons to Invest in Niagara." The Niagara Original brand was awarded Best of Category honours at the 2009 Marketing Canada Awards.

Niagara has one of highest number of fatal and serious injury motor vehicle collisions in Ontario. In October 2007, the Regional Niagara Road Safety Committee launched Think and Drive, a road safety campaign aimed at reducing the number of fatal and serious accidents through a combination of education, enforcement of the rules of the road, and engineering changes to make roads safer. Highlights of the campaign included extensive advertising and media coverage, a website featuring an online road safety quiz and a Facebook group with over 300 members. This dynamic campaign has been recognized by Ontario's Ministry of Transportation with a Road Safety Achievement Award, the Ontario Association of Chiefs of Police with a Traffic Safety Initiative of the Year Award, and the Canadian Public Relations Society with a National Award of Excellence. More important than any award, however, is the change in driver behaviour resulting from the campaign. Thirty-seven per cent of Niagara drivers that were surveyed reported that they made positive changes to their driving habits as a result of the Think and Drive campaign.

Niagara Region continued its successful Green Bin Hero campaign. The campaign recognizes residents who are making a difference in Niagara by participating in the Region's Green Bin program and/or backyard composting. Residents are featured in campaign advertising, on the Region's website and in numerous Waste Management publications.



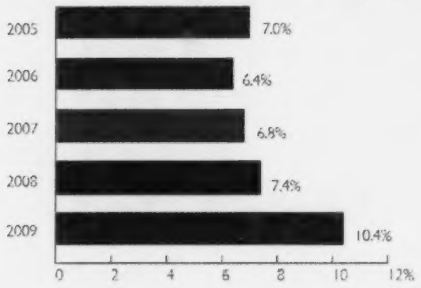
financial year in 2009

- REPORT FROM THE TREASURER
- CONSOLIDATED FINANCIAL STATEMENTS
- TRUST FUNDS FINANCIAL STATEMENTS

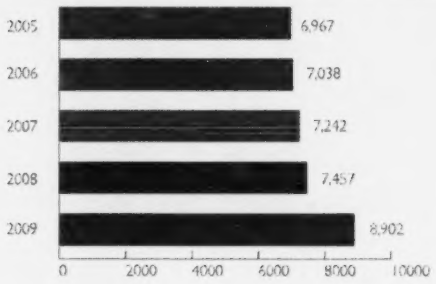
REPORT FROM THE TREASURER

The purpose of the Treasurer's Report is to analyze and comment on the key details of the financial information contained in the 2009 audited consolidated financial statements. Ongoing financial practices, budgetary initiatives, and financial performance related to the delivery of the Region's programs and services are highlighted. This report, together with the accompanying financial statements, allows the reader to assess Niagara Region's financial activities and resources.

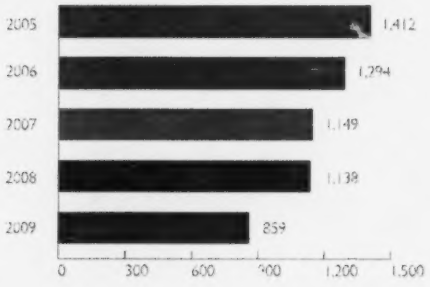
Percentage Average Annual Unemployment Rate



Average Monthly Social Assistance Caseload



Housing Starts



Economic Overview

The economic downturn caused by the 2008 financial market crisis made for a challenging 2009 for the region and its residents. The region's unemployment rate at 10.4 per cent remained high and exceeded provincial and national averages despite various economic stimulus measures. Economic weakness was reflected in the continued increase in average monthly social assistance caseloads which increased by 19 per cent over 2008 figures. Construction and development within the region also slowed dramatically with housing starts declining by 25 per cent from 2008.

2009 Financial Results

The accompanying consolidated financial statements reflect the current year activity of the Niagara Region as approved by Council. The financial activity of the Region is initiated by the budget process and monitored through the Region's financial management and control policies.

Budget Process

The Municipal Act of Ontario requires Regional Council to establish a balanced budget by March of each year. This requirement is satisfied through our budget process which results in the establishment of our current and capital budgets. The process is led by a Council Budget Review Committee and is initiated in July of each year with a Regional Council guideline-setting process. It culminates in an approved budget and the Region's tax levy and water and wastewater rates.

2009 represents the third year in the implementation of the Region's "Taxpayer Affordability Strategy" which has as its goal the lessening of the municipal tax burden relative to taxpayers' incomes. According to the strategy, capital and operating budget targets are set within the estimated growth in taxpayers' income plus the real growth in the Region's property tax assessment base. For 2009 the tax levy increased by 2.4 per cent. After assessment growth of 1.2 per cent, the net impact on taxpayers was 1.2 per cent.

Financial Management and Control

The Region's management maintains a system of internal controls designed to safeguard assets and ensure transactions are properly authorized and recorded in compliance with legislative and regulatory requirements. These systems are monitored and evaluated by management and subject to independant audit.
The Audit Committee meets with management and the external auditors to review the consolidated financial statements prior to their approval.

Consolidated Financial Statements

The Region's consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

This was the Region's second year reporting tangible capital assets under the new PSAB accounting sections 1200 – Financial Statement Presentation and 3150 – Tangible Capital Assets. The Region adopted these reporting requirements in 2008. As of 2009, all municipalities are now required to meet these reporting requirements. The Region makes a significant annual investment in tangible capital assets and the reporting of these assets in the Statement of Financial Position increases awareness and highlights the assessment of asset management plans, including ongoing maintenance and replacement requirements.

External Audit

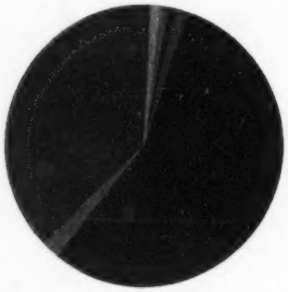
The Municipal Act of Ontario requires the Region to engage independent auditors to express an opinion as to whether the Region's financial statements present fairly in all material respects, the Region's financial position, results of operations and changes in net financial position. In discharging this duty, the auditors have complete access to all Regional records and meet regularly with staff to discuss new policies, procedures and process improvements arising from the audit. The auditor's findings are reported directly to the Audit Committee by way of the auditors' findings report, management letter, and audit opinion.

Audit Committee

Regional Council has established an Audit Committee which is responsible for ensuring, on behalf of the Corporate Services Committee and Council, that:

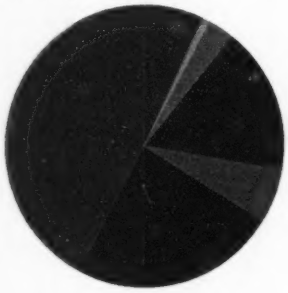
- The information contained in the Region's financial statements, Annual Report and other financial publications is not significantly erroneous, misleading or incomplete;
- The Region has implemented appropriate systems of internal control over financial reporting and that these are operating effectively;
- The Region has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements;
- The external audit function has been effectively carried out and that any matter which the independent auditors have brought to the attention of the Audit Committee has been addressed; and
- The Region's annual financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to Council whether the annual financial statements should be approved.

Revenue by Source | in millions of dollars



Province of Ontario Grants	318	37%
Other Municipalities	7	1%
Development Charges	9	1%
Investment Income	12	1%
Provincial Offences Act	8	1%
Miscellaneous Income/Other	4	1%
Property Taxpayer	297	35%
User Charges	183	21%
Government of Canada Grants	20	2%

Expenses by Department | in millions of dollars



Social and Family Services	344	42%
Social Housing	54	7%
Planning and Development	5	1%
General Government	27	3%
Protection of Persons and Property	143	17%
Transportation Services	52	6%
Environmental Services	127	16%
Health Services	68	8%

2009 Financial Statements

The 2009 operating results are detailed in the Consolidated Statement of Operations. An annual surplus of $38.7 million was realized in 2009. A revenue increase of $44 million was offset by cost increases in various operating areas.

The greatest increase in revenue was an additional $23 million from the Province of Ontario, principally in support of social services and social housing costs. Costs for these programs increased by $29 million from the prior year.

The Region's net financial assets position stood at $2.6 million (2008 $23.6 million), reflecting our continuing ability to meet financial obligations as they become due. The changes from 2008 are outlined in the Statement of Change in Net Financial Assets with the acquisition of tangible capital assets driving the decrease. Larger than normal investments in capital assets were made in 2009 due to the impact of Infrastructure Stimulus Funding (ISF) from the federal government and the Region's focus on new capital investment in proportion to consumption and growth. During the year, the Region acquired $114.8 million of tangible capital assets including $27.1 million for roads infrastructure, $26.4 million for vehicles, machinery and equipment and $29.4 million for improvements to water and wastewater infrastructure. Amortization expense of $55.6 million for 2009 represents the reduction in the value of previously capitalized assets over their estimated useful life.

The economic life of Niagara Region's assets range from three to 100 years and are amortized on a straight line basis. The Region's landfill sites are amortized using the units of production method based upon capacity used during the year.

Debt Position

The Niagara Region's debt practices are governed by provincial legislation and Regional Council's internal policies. The province's prescribed annual debt repayment limit, stipulates that payments relating to all debt and all other long-term financial obligations of a municipality may not exceed 25 per cent of own source revenues. This includes the annual tax levy and rate generated revenue. However, the Region's self-imposed debt management policy is more stringent and sets the annual debt repayment limit at 20 per cent of own-source revenues. In addition, the Region's policy further establishes a threshold for tax supported debt repayments at 15 per cent of the Regional tax levy. In 2009, net debt charges (principal and interest) totaled $33.1 million or 6.9 per cent of own source revenue. Total debt decreased by $3.1 million as annual repayments exceeded new debt issued.

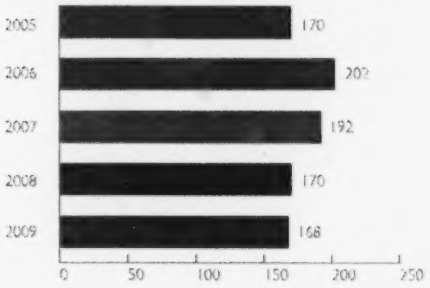
Total debt of $167.6 million amounts to $378 per resident. The Region's credit rating remains unchanged at 'AA' confirming its continued financial strength. This rating is confirmed annually by Standard and Poor's.

Cash and Investments

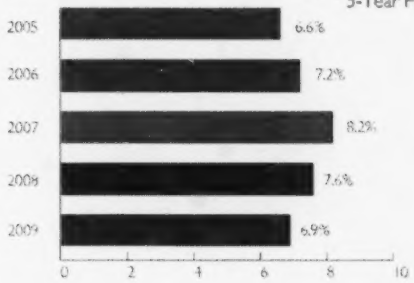
The Region's cash and investments of $379 million (2008 $392 million) is reflective of the Region's reserves, capital fund, and deferred revenue. These balances represent planned or legislated future projects that are primarily capital in nature.

The funds were invested in accordance with Council approved investment policy which is reviewed and approved annually. The main objectives of the policy are preservation of capital, maintenance of liquidity and competitive yield. The Region's investment policy meets all the requirements of legislation governing municipal investments. During 2009, investments yielded interest income of $11.5 million for an average return of 2.75 per cent.

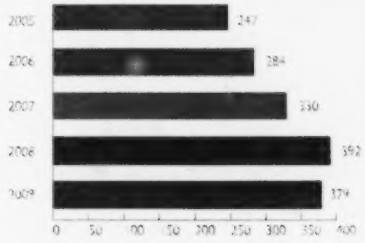
Debt 5-Year History | in millions of dollars



Debt Charges as a Percentage | of Own-Source Revenue 5-Year History



Cash and Investments, 5-Year History in millions of dollars



Looking Forward

Continuing in 2010, the Region has updated its 10 year Capital Affordability Strategy to quantify and support an affordable capital plan while controlling debt and maintaining a strong credit rating. This tool provides the Region with the information it needs to evaluate infrastructure investments in the light of their impacts on future budgets and develop a sustainable financing plan for infrastructure renewal.

As with most municipalities in Ontario, the Region faces several challenges and recent economic conditions have compounded these challenges. Providing services to a growing community combined with demand for new and enhanced services will place further pressures on the Region's finances as we strive to maintain competitive tax rates.

Conclusion

At the end of 2009 the Niagara Region continues to report a strong and viable financial position. The Region maintains careful monitoring of anticipated receipts and approved expenses and is committed to continuous improvement in financial policies and strategies resulting in another financially successful year.

Financial Statements of

THE REGIONAL MUNICIPALITY OF NIAGARA

Year ended December 31, 2009

The Regional Municipality Of Niagara

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December 31, 2009

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Niagara Region

Building Community. Building Lives.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Regional Municipality of Niagara are the responsibility of the Region's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Region's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Region. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Region's financial statements.

John Bergsma
Commissioner of Corporate Services

Gord Lockyer
Associate Director
Financial Research & Strategy/Treasurer

KPMG LLP
Chartered Accountants
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Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
The Regional Municipality of Niagara

We have audited the consolidated statement of financial position of The Regional Municipality of Niagara as at December 31, 2009 and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at December 31, 2009 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

St. Catharines, Canada
August 6, 2010

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2009, with comparative figures for 2008
(In thousands of dollars)

	2009	2008 (Restated-note 2)
FINANCIAL ASSETS		
Cash	$ 41,399	$ 18,493
Investments (note 3)	337,924	373,613
Accounts receivable (note 4)	68,479	56,434
Other current assets	1,928	2,684
Debt recoverable from others (note 8)	158,319	158,843
	608,049	610,067
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	90,672	82,932
Employee benefits and other liabilities (note 5)	79,272	72,551
Deferred revenue (note 6)	64,736	58,170
Landfill liability (note 7)	44,918	43,765
Long-term liabilities (note 8)	325,891	329,049
	605,489	586,467
Net financial asset	2,560	23,600
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	1,159,222	1,100,343
Inventory	3,410	3,387
Prepaid expenses	1,586	736
	1,164,218	1,104,466
Accumulated surplus	$ 1,166,778	$ 1,128,066

The accompanying notes are an integral part of these consolidated financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2009, with comparative figures for 2008
(In thousands of dollars)

	Budget	2009	2008
	(Unaudited-note 17)		(Restated-note 2)
REVENUES			
TAXATION AND USER CHARGES			
Requisitions on local governments	$ 290,361	$ 297,212	$ 291,559
User charges	185,371	183,252	177,054
	475,732	480,464	468,613
GOVERNMENT TRANSFERS			
Government of Canada	51,825	19,902	16,026
Province of Ontario	338,061	318,135	295,070
Other municipalities	3,850	6,977	4,178
	393,736	345,014	315,274
OTHER			
Development charges earned	8,490	9,173	4,052
Investment income	5,500	11,503	15,157
Provincial offences	6,492	7,923	7,298
Miscellaneous	2,103	4,487	4,715
	22,585	33,086	31,222
Total revenues	892,053	858,564	815,109
EXPENSES			
General government	29,604	27,443	30,151
Protection to persons and property	137,173	143,144	137,684
Transportation services	49,785	51,775	44,906
Environmental services	128,620	127,129	119,049
Health services	66,859	67,879	63,714
Social and family services	323,266	343,747	319,990
Social housing	50,475	53,931	49,274
Planning and development	6,520	4,804	4,592
Total expenses	792,302	819,852	769,360
Annual surplus	99,751	38,712	45,749
Accumulated surplus, beginning of year	1,132,456	1,128,066	1,082,317
Accumulated surplus, end of year	$ 1,232,207	$ 1,166,778	$ 1,128,066

The accompanying notes are an integral part of these consolidated financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2009, with comparative figures for 2008
(In thousands of dollars)

	2009	2008
		(Restated –note 2)
Annual surplus	$ 38,712	$ 45,749
Acquisition of tangible capital assets	(114,821)	(66,222)
Amortization of tangible capital assets	55,568	53,840
Loss on sale of tangible capital assets	141	406
Proceeds on sale of tangible capital assets	233	214
Change in supplies of inventories	(23)	(231)
Change in prepaid expense	(850)	115
Change in net financial assets	(21,040)	33,871
Net financial assets (net debt), beginning of year	23,600	(10,271)
Net financial assets, end of year	$ 2,560	$ 23,600

The accompanying notes are an integral part of these consolidated financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

CONSOLIDATED STATEMENT OF CASH FLOWS
December 31, 2009 with comparative figures for 2008
(In thousands of dollars)

	2009	2008
		(Restated –note 2)
OPERATING ACTIVITIES		
Annual surplus	$ 38,712	$ 45,749
Items not involving cash:		
Amortization	55,568	53,840
Loss on sale of tangible capital assets	141	406
Change in employee benefits and other liabilities	6,721	4,095
Change in landfill liability	1,153	1,785
Change in non-cash assets and liabilities:		
Accounts receivable	(12,045)	(1,964)
Other current assets	756	(290)
Accounts payable and accrued liabilities	7,740	12,789
Deferred revenue	6,566	34,152
Inventory	(23)	(231)
Prepaid expenses	(850)	115
Net change in cash from operating activities	104,439	150,446
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	233	214
Cash used to acquire tangible capital assets	(114,821)	(66,222)
Net change in cash from capital activities	(114,588)	(66,008)
INVESTING ACTIVITIES		
Proceeds from portfolio investments	321,846	652,231
Portfolio investments	(286,157)	(708,943)
	35,689	(56,712)
FINANCING ACTIVITIES		
Debt issued and assumed	21,881	4,131
Long-term debt repaid	(24,515)	(26,614)
Net change in cash from financing activities	(2,634)	(22,483)
Net change in cash	22,906	5,243
Cash, beginning of year	18,493	13,250
Cash, end of year	$41,399	$ 18,493
Cash paid for interest	$ 8,321	$ 9,422
Cash received from interest	11,737	15,724

The accompanying notes are an integral part of these consolidated financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended December 31, 2009
(In thousands of dollars)

1. Significant accounting policies:

The consolidated financial statements of The Regional Municipality of Niagara (the "Region") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Region are as follows:

(a) Basis of consolidation:

(i) CONSOLIDATED ENTITIES

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balance of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Region and which are owned or controlled by the Region. These entities and organizations include:

Police Services Board
Niagara Regional Housing
Provincial Offences Act Operations

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(ii) TRUST FUNDS

Trust funds and their related operations administered by the Region are not included in these financial statements.

(b) Basis of accounting:

The Region follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Investments:

Investments consist of bonds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred.

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

ASSET	USEFUL LIFE - YEARS
Land improvements	3 - 50
Buildings and building improvements	10 - 60
Vehicles	4 - 12
Machinery and equipment	3 - 60
Water and wastewater infrastructure	10 - 100
Roads infrastructure - Base	40
- Surface	15

Landfill sites are amortized using the units of production method based upon capacity used during the year.

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Intangible assets:

Intangible assets and natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Interest capitalization:

The Region's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(v) Leases

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenditures as incurred.

(vi) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(e) Reserves and reserve funds:

Certain amounts, as approved by Regional Council are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved. Reserves and reserve funds are presented on the statement of financial position in accumulated surplus.

(f) Government transfers:

Government transfers received relate to social services, child care, housing and health programs. Government transfers paid relate to social services programs. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(g) Deferred revenue:

Deferred revenues represent development charges, grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Investment income:

Investment income earned is reported as revenue in the period earned. Investment income earned on development charge reserve funds is added to the fund balance and forms part of the deferred development revenue balance.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

2. Prior period adjustments:

(a) Tangible capital assets:

In 2008 the Region implemented Section 3150 of the Public Sector Accounting Board ("PSAB") Handbook. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements.

The financial information recorded in the opening 2008 balances was based on estimated historical costs of the Region's tangible capital assets. During 2009, the Region revised its calculation of the estimated historical cost of Niagara Regional Housing properties acquired during provincial downloading to reflect an acquisition date of 2002, when the downloading occurred rather than the date the buildings were originally constructed.

This change has been applied retroactively and prior periods have been restated resulting in an increase in amortization expense of $2,845 at December 31, 2009 (2008 - $2,825) and an increase in tangible capital assets and accumulated surplus of $86,646 as of January 1, 2008. The impact on tangible capital assets and accumulated surplus at December 31, 2009 was $80,977 (2008 - $83,822).

(b) Employee benefits and other liabilities:

The collective agreements of the Police provide a Health Care Spending Account for early retirees that retired after January 1, 2003. Subsequent collective agreements have provided Health Care Spending Accounts until the retiree reaches the age of 70 or 75 at various amounts depending on date of retirement. The Region has retained an actuary to value these benefits.

This change has been applied retroactively and prior periods have been restated resulting in an increase in expense of $2,294 for the year ended December 31, 2009 (2008 - $237). At January 1, 2008, employee benefits and other liabilities has increased by $4,153 and accumulated surplus has decreased by the same amount. At December 31, 2009, employee benefits and other liabilities has increased by $6,684 (2008 - $4,390) with an offsetting decrease in accumulated surplus.

3. Investments:

Investments reported on the consolidated statement of financial position have market values as follows:

	2009		2008	
	Cost	Market Value	Cost	Market Value
Investments	$ 337,924	$ 342,429	$ 373,613	$ 373,673

4. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of $2,446 (2008 - $2,755).

5. Employee benefits and other liabilities:

The Region provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees.

	2009	2008
Future payments required to WSIB	$ 19,866	$ 18,578
Accumulated Sick Leave Benefit Plan entitlements	16,751	17,295
Retiree benefits	28,328	22,904
Vacation pay	11,824	11,298
Other liabilities	2,503	2,476
Total	$ 79,272	$ 72,551

The Region has established reserve funds to mitigate the future impact of these obligations. These reserve funds are presented in the statement of financial position in accumulated surplus. Reserves relating to these liabilities are as follows:

	2009	2008
Workplace safety and insurance	$ 15,878	$ 15,643
Cumulative sick leave	3,489	3,858
Police accumulated sick leave	5,275	5,262
Future health and dental claims	3,043	3,285
Other PSAB liabilities	6,745	6,729
Contingency reserve designated by council	13,702	13,500
Total	$ 48,132	$ 48,277

Information about the Region's benefit plans is as follows:

	2009	2008
ACCRUED BENEFIT OBLIGATION		
Balance, beginning of year	$ 81,940	$ 79,017
Current benefit cost	5,833	5,863
Interest	3,204	3,280
Increase due to plan amendment	4,348	-
Decrease due to prior valuation	(1,400)	-
Actuarial gain	(3,964)	-
Benefits paid	(7,356)	(6,220)
Balance, end of year	82,605	81,940
Unamortized actuarial loss	(3,333)	(9,389)
Liability for benefits	$ 79,272	$ 72,551

5. Employee benefits and other liabilities (continued):

Included in expenditures is $691 (2008 – $1,172) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan entitlements	9 - 11 years
Retiree benefits	12 - 16 years

The unamortized actuarial loss on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

Accumulated sick leave

Under the accumulated sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Region's employment.

WSIB

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act the Region has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2008.

The main actuarial assumptions employed for the valuation are as follows:

a) INTEREST (DISCOUNT RATE):

The obligation as at December 31, 2009, of the present value of future liabilities and the expense for the 12 months ended December 31, 2009, were determined using a discount rate of 5.0%.

b) ADMINISTRATION COSTS:

Administration costs were assumed to be 27.0% of the compensation expense.

c) COMPENSATION EXPENSE:

Compensation costs, include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 2.5% to 6.0%.

5. Employee benefits and other liabilities (continued):

Retiree benefits

The Region pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age 65 and Health Care Spending Accounts for certain retirees until the age of 70 or 75 depending on year of retirement. The Region recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the 12 months ended December 31, 2009, were determined by actuarial valuation using a discount rate of 5.0%. The most recent actuarial valuation was performed as at December 31, 2008.

The main actuarial assumptions employed for the valuations are as follows:

a) INTEREST (DISCOUNT RATE):

The obligation as at December 31, 2009, of the present value of future liabilities and the expense for the 12 months ended December 31, 2009, were determined using a discount rate of 5.0%.

b) MEDICAL COSTS:

Medical costs were assumed to increase at the rate of 6 1/3% per year from 2011 reducing to 4.0% per year in 2018 and thereafter.

c) DENTAL COSTS:

Dental costs were assumed to increase at the rate of 4.0% per year.

Other pension plans

The Region makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2009 was $16,767 (2008 - $15,149) for current service and is included as an expenditure on the consolidated statement of operations. Employees' contribution to OMERS in 2009 was $16,767 (2008 - $15,149).

Contributions for employees with a normal retirement age of 65 were being made at rate of 6.3% for earnings up to the yearly maximum pensionable earnings of $44.9 and at a rate of 9.5% for earnings greater than the yearly maximum pensionable earnings. For uniformed police officers with a normal retirement age of 60, those rates were 7.7% and 12.8% respectively.

The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in the contributions will be required in the future.

6. Deferred revenue:

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. The Region has obligatory development charge reserve funds in the amount of $35,858 (2008 - $28,799). These reserve funds are considered obligatory as Provincial legislation restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected and when the Region has approved the expenditures for the capital works for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to defray the cost of growth related capital projects associated with new development.

The deferred revenues, reported on the consolidated statement of financial position, are made up of the following:

	2009	2008
Balance, beginning of year	$ 58,170	$ 24,018
Contribution from Development Charges Act	6,892	8,695
Gasoline Tax	9,290	-
Investing in Ontario grant	(2,594)	20,157
Other revenue	2,101	9,214
Interest income	50	138
Total revenue	15,739	38,204
Development charges earned	(9,173)	(4,052)
Balance, end of year	$ 64,736	$ 58,170

7. Landfill liability:

The Region owns and operates a number of landfill sites. As well, they own and monitor several landfill sites which have been closed. The liability for closure of operational sites and post-closure care has been recognized based upon the usage of the site's capacity during the year. The costs were based upon the 2009 budget and inflation adjusted at 3.0% per annum to the estimated year of closure. These costs were then discounted to December 31, 2009 using a discount rate of 5.5%. Post-closure care is estimated to be required for 25 years from the date of site closure. The liability for closure and post-closure care as at December 31, 2009 is $44,918 (2008 - $43,765). Estimated expenses for closure and post-closure care are $49,148 (2008 - $47,975). The liability remaining to be recognized is $4,230 (2008 - $4,210). It is estimated that the life of the sites range from 1 to 40 years.

Included in accumulated surplus are reserve funds of $2,822 (2008 - $2,822) for settling closure and post-closure care liabilities.

8. Net long-term liabilities:

(a) In addition to long-term liabilities incurred directly, the Region has assumed the responsibility for the charges on debt originally incurred by local municipalities in respect of functions which are now a Regional responsibility

As well as incurring long-term liabilities for regional purposes, the Region also incurs long-term liabilities on behalf of the Area Municipalities. The responsibility for raising the amounts required to service this debt lies with the respective Area Municipalities.

The balance of net long-term liabilities reported on the consolidated balance sheet is made up of the following:

	2009	2008
Long-term liabilities incurred by the Region (including capital lease)	$ 324,151	$ 326,956
Long-term liabilities assumed by the Region incurred by others	1,740	2,093
Long-term liabilities	325,891	329,049
Debt recoverable from others (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(158,319)	(158,843)
Net long-term liabilities, end of year	$ 167,572	$ 170,206

(b) The long-term liabilities in (a) issued in the name of the Region have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(c) The Region is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance and for those for which the responsibility for the payment of principal and interest has been assumed by area municipalities and school boards. The total amount outstanding as at December 31, 2009 is $158,319 (2008 - $158,843) and is reported on the consolidated statement of financial position as debt recoverable from others.

8. Net long-term liabilities (continued):

(d) Principal payments due in each of the next five years are as follows:

2010	$	24,385
2011		23,463
2012		20,417
2013		17,333
2014		16,356
Thereafter		65,618
	$	167,572

(e) Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to $8,541 in 2009 (2008 - $9,210). The long-term liabilities bear interest at rates ranging from 1.15% to 8.75%. The interest on long-term liabilities assumed by the municipalities and school boards or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these financial statements.

(f) CAPITAL LEASE LIABILITY

Year ending December 31:		
2010	$	47
2011		8
		55
Less amount representing interest at 10.1%		5
Present value of net minimum capital lease payments	$	50

Interest of $9 (2008 - $12) relating to capital lease obligations has been included in expenses on the consolidated statement of operations.

(g) The Region has purchased $32,980 (2008 - $29,767) of its own debentures which have not been cancelled. This investment in own debentures is included in investments on the consolidated statement of financial position. The gross outstanding amount of these debentures is $91,604 (2008 - $76,479).

9. Tangible capital assets

	2009							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	$ 189,299	$ 50,928	$ 519,456	$ 364,280	$ 189,380	$ 449,864	$ 57,158	$ 1,820,365
Additions	1,965	3,958	13,228	26,440	29,418	27,092	12,720	114,821
Disposals	-	(95)	-	(4,740)	-	(3,763)	-	(8,598)
Balance, end of year	191,264	54,791	532,684	385,980	218,798	473,193	69,878	1,926,588
Accumulated Amortization								
Balance, beginning of year	-	28,421	185,955	250,184	43,218	212,244	-	720,022
Disposals	-	(95)	-	(4,598)	-	(3,531)	-	(8,224)
Amortization Expense	-	2,250	13,844	19,796	2,567	17,111	-	55,568
Balance, end of year	-	30,576	199,799	265,382	45,785	225,824	-	767,366
Net Book Value, end of year	$ 191,264	$ 24,215	$ 332,885	$ 120,598	$ 173,013	$ 247,369	$ 69,878	$ 1,159,222

9. Tangible capital assets (continued):

2008 (Restated-note 2)

	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	$ 184,579	$ 47,856	$ 513,904	$ 355,159	$ 188,281	$ 432,390	$ 37,268	$ 1,759,437
Additions	4,720	3,072	5,552	11,519	1,100	20,369	19,890	66,222
Disposals	-	-	-	(2,398)	(1)	(2,895)	-	(5,294)
Balance, end of year	189,299	50,928	519,456	364,280	189,380	449,864	57,158	1,820,365
Accumulated Amortization								
Balance, beginning of year	-	26,085	172,655	233,056	40,820	198,240	-	670,856
Disposals	-	-	-	(2,295)	(1)	(2,378)	-	(4,674)
Amortization Expense	-	2,336	13,300	19,423	2,399	16,382	-	53,840
Balance, end of year	-	28,421	185,955	250,184	43,218	212,244	-	720,022
Net Book Value, end of year	$ 189,299	$ 22,507	$ 333,501	$ 114,096	$ 146,162	$ 237,620	$ 57,158	$ 1,100,343

9. Tangible capital cssets (continued):

Work in progress

Work in progress having a value of $69,878 (2008 - $57,158) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $799 (2008 - $1,540).

Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

Works of Art and Historical Treasures

No works of art or historical treasures are held by the Region.

10. Trust funds:

Trust funds administered by the Region amounting to $1,208 (2008 - $1,226) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

11. Commitments:

(a) The Region has outstanding contractual obligations of approximately $74,975 (2008 - $39,048) for housing redevelopments, capital works, solid waste projects and high speed telecommunications. Regional council has authorized the financing of these obligations.

(b) The Region is committed to paying principal and interest payments on provincial debentures issued to finance the properties transferred to Niagara Regional Housing from Ontario Housing Corporation. The debentures are outstanding in the amount of $23,741 (2008 - $25,031). Annual payments of $2,865 (2008 - $2,867) and have been charged to current operations.

(c) Minimum annual lease payments:

The Region rents premises and equipment with minimum annual lease payments as follows:

	2009	2008
2010	$ 1,964	$ 1,742
2011	1,438	1,317
2012	1,007	749
2013	863	757
2014	663	-
Thereafter	3,766	4,023
	$ 9,701	$ 8,588

12. Contingent liabilities:

From time to time, the Region is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Region's insurance up to a maximum of $15,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

13. Public liability insurance:

The Region has undertaken a portion of the risk for public liability, as a means of achieving efficient and cost effective risk management. The Region is self insured for public liability claims up to $1,000 for any individual claim and $1,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these amounts up to $15,000 per occurrence.

The Region has a reserve fund for allocated self insurance claims which as at December 31, 2009 amounted to $2,266 (2008 - $2,261) and which is reported on the consolidated statement of financial position under accumulated surplus. An amount of $nil (2008 - $44) has been transferred to this reserve fund in the current year. An amount of $nil (2008 - $nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to $897 (2008 - $833). Interest amounted to $5 (2008 - $16).

14. Self funded employee benefit plans:

The Region provides a group health and dental plan for certain employees and has assumed the full liability for payment of benefits under this plan.

Payments charged against operations in the current year amounted to $7,033 (2008 - $6,637).

15. Government transfers:

The Region recognized the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	2009	2008
REVENUE		
Government of Canada:		
General government	$ -	$ 28
Transportation services	779	6,013
Environmental services	8,311	-
Health services	-	77
Social and family services	782	445
Social housing	10,030	9,458
Planning and development	-	5
	19,902	16,026
Province of Ontario:		
General government	5,985	11,218
Protection to persons and property	3,774	3,124
Transportation services	2,860	(177)
Environmental services	5,704	5,242
Health services	43,719	41,238
Social and family services	249,417	231,984
Social housing	6,651	2,331
Planning and development	25	110
	318,135	295,070
Other municipalities:		
General government	330	2
Transportation services	4,324	1,835
Environmental services	2,307	2,341
Social and family services	16	-
	6,977	4,178
Total revenues	$ 345,014	$ 315,274

16. Segmented information:

Segmented information has been identified based upon functional areas by the Region.

Previously segmented information was provided based upon lines of service. This change has been made to align the segmented information with Region activities. The comparative segmented information has been restated. This change has no financial effect.

The functions have been separately disclosed in the segmented information as follows:

(i) GENERAL GOVERNMENT

General government consists of the general management of the Region, including adopting bylaws and policy, levying taxes, issuing debentures and providing administrative, technical, facility management, and financial services.

(ii) PROTECTION TO PERSONS AND PROPERTY

Protection to persons and property is comprised of the Police Services and Provincial Offences (the "POA"). The mandate of Police Services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The POA is a procedural law for administering and prosecuting Provincial Offences including those committed under the Highway Traffic Act, the Compulsory Automobile Insurance Act, the Trespass to Property Act, the Liquor License Act and other provincial legislation, municipal by-laws and minor federal offences. The POA governs all aspects of the legal prosecution process, from serving an offence notice to an accused person to conducting trials including sentencing and appeals.

(iii) TRANSPORTATION SERVICES

Within the Public Works department, this segment is responsible for the planning, design, operation and maintenance of the roadway system, the maintenance of parks and open space, and street lights.

(iv) ENVIRONMENTAL SERVICES

Within the Public Works department, this segment is responsible for the engineering and operation of the water and wastewater systems and waste management, the latter of which encompasses solid waste collection and disposal and Niagara Recycling.

(v) HEALTH SERVICES

The Public Health Department offers a range of programs related to health services that includes protection and promotion, disease and injury prevention and also oversees the Emergency Services Division (ESD) that encompasses both Land Ambulance (Paramedic) Services and Land Ambulance Communications (Dispatch) Services.

16. Segmented information (continued):

(vi) SOCIAL AND FAMILY SERVICES

The Community Services department is responsible for providing public services that sustains and supports individuals, families and communities. Programs and services are delivered through Senior Services, Children's Services, and Social Assistance and Employment Opportunities.

(vii) SOCIAL HOUSING

The region is committed to providing and advocating for secure, affordable housing in the Region.

(viii) PLANNING AND DEVELOPMENT

The planning and development department provides direction to Council and the community through working with partners and community groups to support planning initiatives in the region, providing information to residents about Region programs and services, providing leadership in the development, maintenance and growth of the emergency readiness in Niagara, create Council documents, providing procedure advice, and preparing by-laws and communicates council's decisions, develops and implements Region Planning.

Certain allocation methodologies are employed in the preparation of segmented information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenses. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

16. Segmented information

	2009								
	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Taxation	$ 21,763	$ 119,760	$ 43,764	$ -	$ 20,969	$ 60,081	$ 24,806	$ 6,069	$ 297,212
User charges	816	6,993	2,519	138,151	329	22,282	12,084	78	183,252
Government transfers	6,315	3,774	7,963	16,322	43,719	250,215	16,681	25	345,014
Development charges earned	20	-	5,676	3,477	-	-	-	-	9,173
Investment income	11,501	-	-	-	2	-	-	-	11,503
Provincial offenses	-	7,923	-	-	-	-	-	-	7,923
Other	947	642	780	369	1,013	514	201	21	4,487
Total revenues	41,362	139,092	60,702	158,319	66,032	333,092	53,772	6,193	858,564
Expenses:									
Salaries, wages and employee benefits	8,972	115,457	16,461	23,601	55,731	79,493	4,417	856	304,988
Operating expenses	12,104	14,484	14,311	82,355	10,702	49,059	20,326	1,532	204,873
External transfers	100	7,435	-	-	-	211,277	24,702	2,356	245,870
Debt Services	1,107	921	3,408	1,091	223	1,546	197	60	8,553
Amoritzation	5,160	4,847	17,595	20,082	1,223	2,372	4,289	-	55,568
Total expenses	27,443	143,144	51,775	127,129	67,879	343,747	53,931	4,804	819,852
Annual surplus (deficit)	$ 13,919	$ (4,052)	$ 8,927	$ 31,190	$ (1,847)	$(10,655)	$ (159)	$ 1,389	$38,712

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended December 31, 2009
(In thousands of dollars)

16. Segmented information

	2008 (Restated-note 2)								
	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Taxation	$ 17,405	$ 119,506	$ 42,763	$ -	$ 19,873	$ 61,728	$ 24,387	$ 5,897	$ 291,559
User charges	1,219	7,080	2,450	132,087	546	21,655	11,875	142	177,054
Government transfers	11,248	3,124	7,671	7,583	41,315	232,429	11,789	115	315,274
Development charges earned	60	-	2,955	1,037	-	-	-	-	4,052
Investment income	14,910	64	-	-	1	-	182	-	15,157
Provincial offenses	-	7,298	-	-	-	-	-	-	7,298
Other	643	581	1,194	1,067	496	447	274	13	4,715
Total revenues	45,485	137,653	57,033	141,774	62,231	316,259	48,507	6,167	815,109
Expenses:									
Salaries, wages and employee benefits	8,268	110,173	14,673	22,917	51,578	73,005	4,137	1,748	286,499
Operating expenses	17,158	13,474	7,950	75,079	10,934	46,047	21,334	769	192,745
External transfers	100	8,385	-	-	-	196,963	19,601	2,002	227,051
Debt Services	1,227	801	3,822	1,304	187	1,619	192	73	9,225
Amoritzation	3,398	4,851	18,461	19,749	1,015	2,356	4,010	-	53,840
Total expenses	30,151	137,684	44,906	119,049	63,714	319,990	49,274	4,592	769,360
Annual surplus (deficit)	$ 15,334	$ (31)	$ 12,127	$ 22,725	$ (1,483)	$ (3,731)	$ (767)	$ 1,575	$ 45,749

17. Budget data:

The unaudited budget data presented in these consolidated financial statements are based upon the 2009 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, it is not practical to present annualized budget information for the acquisition of tangible capital assets on the statement of change in net financial assets.

	Budget Amount
REVENUES	
Operating	$ 807,452
Capital	
Development charges	8,490
Grants and subsidies	82,373
Other contributions	4,325
Less:	
Transfers from reserves	(10,432)
Proceeds on sale of tangible capital assets	(155)
Total revenue	892,053
EXPENSES	
Operating	807,452
Add:	
Expense projects	19,382
Amortization	55,568
Employee future benefits	4,427
Landfill liability	1,153
Less:	
Transfers to reserves, including capital	(19,405)
Transfers to rate supported reserves	(51,914)
Debt principal payments	(24,361)
Total expenses	792,302
Annual surplus	$ 99,751

18. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year. The reclassification includes an increase of $7,625 in public health revenues and expenses. There was no impact to the annual or accumulated surplus as a result of the reclassification of 2008 comparative figures.

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AUDITORS' REPORT

Auditors' Report
To the Members of Council,
Inhabitants and Ratepayers of
The Regional Municipality of Niagara

We have audited the statement of financial position of the trust funds of The Regional Municipality of Niagara as at December 31, 2009 and the trust funds statement of operations and change in net financial assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Region as at December 31, 2009 and the results of its operations for the year then ended in accordance with the Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

St. Catharines, Canada
August 6, 2010

THE REGIONAL MUNICIPALITY OF NIAGARA

TRUST FUNDS STATEMENT OF FINANCIAL POSITION
Year ended December 31, 2009, with comparative figures for 2008
(In thousands of dollars)

	2009	2008
Financial assets		
Cash	$ 1,188	$ 452
Investments (note 1)	-	998
Due from Regional Municipality of Niagara (note 3)	20	-
	1,208	1,450
Financial liabilities		
Due to Regional Municipality of Niagara	-	224
Accumulated surplus and net financial assets	$ 1,208	$ 1,226

The accompanying notes are an integral part of these financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

TRUST FUNDS STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2009, with comparative figures for 2008
(In thousands of dollars)

	Residents Trust Accounts	Trust Funds Retained for Residents	Donated Surplus	Total 2009	Total 2008
REVENUE					
Residents' deposits, net	$ 1,297	$ -	$ -	$ 1,297	$ 1,286
Investment income	4	2	3	9	46
Donations	-	41	201	242	298
	1,301	43	204	1,548	1,630
EXPENSES					
Residents' withdrawals, net	1,315	-	-	1,315	1,358
Expenditures for the benefit of residents	-	34	217	251	370
	1,315	34	217	1,566	1,728
Annual surplus (deficit) and changes in net financial assets	(14)	9	(13)	(18)	(98)
Accumulated surplus and net financial assets, beginning of year	650	245	331	1,226	1,324
Accumulated surplus and net financial assets, end of year	$ 636	$ 254	$ 318	$ 1,208	$ 1,226

The accompanying notes are an integral part of these financial statements.

THE REGIONAL MUNICIPALITY OF NIAGARA

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS
Year ended December 31, 2009
(In thousands of dollars)

1. Significant accounting policies:

The financial statements of trust funds of The Regional Municipality of Niagara are the representation of management prepared in accordance with Canadian generally accepted accounting principles, established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adapted by the Trust Funds are as follows:

(a) BASIS OF ACCOUNTING

The Trust Funds follow the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as result of receipt of goods and services and/or the creation of a legal obligation to pay.

(b) INVESTMENT INCOME

The investment income is reported as revenue in the period earned.

(c) INVESTMENTS

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(d) TANGIBLE CAPITAL ASSETS

The net financial assets of the Trust Funds are resident deposits for the benefits of residents. No tangible capital assets are purchased by the Trust Funds.

2. Change in accounting policies:

The Trust Funds have implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statements Presentation Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements.

3. Due to (from) The Regional Municipality of Niagara:

The amount due to (from) The Regional Municipality of Niagara has no fixed terms of repayment and is non-interesting bearing.

4. Statement of cash flows:

Statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.

• FIVE YEAR STATISTICAL REVIEW

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - In thousands of dollars)

	2009	2008	2007	2006	2005
Statistics					
Population (a)	442,908	442,121	433,946	435,125	434,347
Number of households (b)	186,504	187,524	185,502	183,334	181,524
Niagara Region government full-time employees	3,367	3,303	3,270	3,234	3,036
Unemployment rates (c):					
Niagara	10.4%	7.4%	6.8%	6.4%	7.0%
Ontario	9.0%	6.5%	6.4%	6.3%	6.6%
Canada	8.3%	6.1%	6.0%	6.3%	6.8%
Average monthly Ontario Works caseloads	8,902	7,457	7,242	7,038	6,967
Housing starts (d)	859	1,138	1,149	1,294	1,412
Annual disposal of residential solid waste (metric tonnes)	115,338	120,507	120,911	112,554	107,015
Annual diversion of residential solid waste (metric tonnes)	90,579	85,736	85,331	87,188	84,956
Annual supply of treated water (000 m3)	58,857	60,793	67,993	66,411	74,535
Annual wastewater flows (000 m3)	79,548	87,857	76,789	87,011	90,887
Building Permit Values ($000's)					
Agricultural & residential	$ 222,085	$ 315,642	$ 326,128	$ 343,026	$ 325,361
Business & commercial	140,237	111,210	186,457	105,853	121,772
Industrial	41,096	48,925	41,823	54,613	27,026
Government & institutional	80,090	44,584	22,691	74,725	85,646
Total	$ 486,508	$ 520,361	$ 577,099	$ 578,217	$ 559,805

Source:

(a) Statistics Canada preliminary estimate

(b) Ontario assessment system, household counts for unconditional grants act

(c) Statistics Canada

(d) CMHC Canadian Housing Observer

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - in thousands of dollars)

	2009	2008	2007	2006	2005
Tax Levy & Collection Experiences ($)					
Current tax levy	n/a	$ 721,348,767	$ 702,625,374	$ 678,007,310	$656,322,23
Current tax levy collections	n/a	669,125,100	655,882,161	631,716,114	614,990,062
Current collection as a % of current levy	n/a	92.8%	93.3%	93.2%	93.7%
Total collections	n/a	712,056,460	696,966,642	678,319,192	654,688,878
Total collections as a % of current levy	n/a	98.7%	99.2%	100.0%	99.8%
Total tax arrears	n/a	60,868,931	56,124,200	52,874,495	60,236,319
Tax arrears as a % of current levy	n/a	8.4%	8.0%	7.8%	9.2%
Regional government tax levy change (Net of assessment increase)	-0.08%	0.04%	2.10%	1.97%	3.9%
Taxable Assessment (Taxable assessment upon which the year's rates of taxation were set)					
Residential and farm	31,667,660	29,655,951	29,286,154	28,878,103	24,535,693
Commercial, industrial and business	5,419,016	5,222,326	5,143,012	5,069,562	4,626,946
Total	$ 37,086,676	$ 34,878,277	$ 34,429,166	$ 33,947,665	$ 29,162,639
Per household	169,796	158,145	157,875	157,516	135,165
Commercial, industrial, business as a % of taxable assessment	14.6%	15.0%	14.9%	14.9%	15.9%

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - In thousands of dollars)

	2009	2008 (Restated)	2007 (Restated)	2006	2005
Consolidated Statement of Change in Financial Assets					
Annual surplus	$ 38,712	$ 48,811	$ 64,787	n/a	n/a
Acquisition of tangible capital assets	(114,821)	(66,222)	(87,126)	n/a	n/a
Amortization of tangible capital assets	55,568	53,840	52,912	n/a	n/a
Loss on sale of tangible capital assets	141	406	946	n/a	n/a
Proceeds on sales of tangible captial assets	233	214	169	n/a	n/a
Change in supplies of inventories	(23)	(231)	252	n/a	n/a
Change in prepaid expense	(850)	115	(88)	n/a	n/a
Change in net financial assets	(21,040)	33,871	26,050	n/a	n/a
Net financial assets (net debt), beginning of year	23,600	(10,271)	(35,183)	n/a	n/a
Net financial assets (net debt), end of year	$ 2,560	$ 23,600	$ (10,271)	n/a	n/a
Net Long Term Liabilities					
General municipal activities - capital projects	167,572	170,206	192,689	202,449	170,191
Per capita ($)	378	385	444	465	392
Percentage of taxable assessment	0.5%	0.5%	0.6%	0.6%	0.6%
Debt Charges for Net Long-Term Liabilities					
General municipal activities	33,068	35,824	37,847	31,953	28,900
Per capita ($)	75	81	87	73	67
General Long-Term Debt Charges as % of Total General Expenditures					
Percentage of debt to general expenditures	4.0%	4.7%	5.0%	4.1%	4.0%
Annual Repayment Limit					
Annual repayment limit	81,724	82,763	82,289	68,400	61,658

Notes:
In 2008, financial reporting has changed to reflect the new requirements under Public Sector Accounting Board (PSAB) standard 3150 - Accounting for Tangible Capital Assets. Statistical information for 2006 and 2005, has not been restated, however, it has been provided in the prior format. See pages 74-76.

THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - in thousands of dollars)

	2009 (Restated)	2008 (Restated)	2007	2006	2005
Consolidated Statement of Financial Position					
FINANCIAL ASSETS					
Cash	$ 41,399	$ 18,493	$ 13,250	$ -	$ -
Investments	337,924	373,613	316,901	-	-
Accounts receivable	68,479	56,434	54,470	-	-
Other current assets	1,928	2,684	2,394	-	-
Debt recoverable from others	158,319	158,843	158,666	-	-
Total financial assets	608,049	610,067	545,681	-	-
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	90,672	82,932	70,143	-	-
Employee benefits and other liabilities	79,272	72,551	68,456	-	-
Deferred revenue	64,736	58,170	24,018	-	-
Landfill liability	44,918	43,765	41,980	-	-
Long-term liabilities	325,891	329,049	351,355	-	-
Total financial liabilities	605,489	586,467	551,799	-	-
Net Financial Assets (Net Debt)	2,560	23,600	(10,271)	-	-
Non-financial assets					
Tangible capital assets	1,159,222	1,100,343	1,088,581	-	-
Inventory	3,410	3,387	3,156	-	-
Prepaid expenses	1,586	736	851	-	-
Total non-financial assets	1,164,218	1,104,466	1,092,588	-	-
Accumulated surplus	$ 1,166,778	$ 1,128,066	$ 1,082,317	$ -	$ -

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THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - in thousands of dollars)

	2009	2008 (Restated)	2007 (Restated	2006	2005
Consolidated Statement of Operations					
REVENUES BY SOURCE					
Property taxpayer	$ 297,212	$ 291,559	$ 289,257	$ -	$ -
Sewer charges	58,606	56,808	55,293	-	-
Water charges	37,040	33,471	35,418	-	-
Waste management	42,182	41,460	39,562	-	-
User charges	45,424	45,315	44,197	-	-
Government of Canada grants	19,902	16,026	14,112	-	-
Province of Ontario grants	318,135	295,070	297,150	-	-
Other municipalities	6,977	4,178	8,441	-	-
Development charges	9,173	4,052	3,719	-	-
Developer contributions	1,326	2,171	1,718	-	-
Investment income	11,503	15,157	14,788	-	-
Provincial offences act	7,923	7,298	7,023	-	-
Miscellaneous income/other	3,478	2,544	5,681	-	-
Total revenues by source	858,564	815,109	816,149	-	-
EXPENSES BY FUNCTION					
General government	27,443	30,151	24,149	-	-
Protection to persons and property	143,144	137,684	131,274	-	-
Transportation services	51,775	44,906	45,892	-	-
Environmental services	127,129	119,049	107,056	-	-
Health services	67,879	63,714	61,330	-	-
Social and family services	343,747	319,990	332,315	-	-
Social housing	53,931	49,274	46,878	-	-
Planning and development	4,804	4,592	5,693	-	-
Total expenses by function	819,852	769,360	754,587	-	-
ANNUAL SURPLUS	38,712	45,749	61,772	-	-
Accumulated surplus, beginning of year	1,128,066	1,082,317	1,020,545	-	-
Accumulated surplus, end of year	$ 1,166,778	$ 1,128,066	$ 1,082,317	$ -	$ -
ANALYSIS OF EXPENSES BY OBJECT					
Salaries, wages and employee benefits	$ 304,988	$ 286,499	$ 271,296	$ -	$ -
Operating expenses	204,873	192,745	198,096	-	-
External transfers to others	245,870	207,451	222,067	-	-
Debt services	8,553	9,225	10,216	-	-
Amortization	55,568	53,840	52,912	-	-
Total expenses by object	$ 819,852	$ 769,360	$ 754,587	$ -	$ -

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THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - in thousands of dollars)

	2009	2008	2007	2006	2005
Current (Operating) Fund Operations					
Current (operating) fund surplus, beginning of year	$ -	$ -	$ -	$ 930	$ 2,285
CURRENT FUND REVENUES BY SOURCE					
Property taxpayer	-	-	-	278,735	273,994
Sewer charges	-	-	-	53,461	52,388
Water charges	-	-	-	31,943	32,776
Waste management	-	-	-	39,264	36,409
User charges	-	-	-	42,613	40,342
Government of Canada grants	-	-	-	8,670	8,585
Province of Ontario grants	-	-	-	267,601	251,780
Investment income	-	-	-	5,338	5,512
Provincial offences act	-	-	-	5,493	5,644
Miscellaneous income	-	-	-	5,219	3,971
Total current fund revenues	-	-	-	738,337	711,401
CURRENT FUND EXPENDITURES BY FUNCTION					
General government	-	-	-	17,888	18,380
Protection to persons and property	-	-	-	117,202	107,037
Transportation services	-	-	-	27,330	28,324
Environmental services	-	-	-	70,514	72,671
Health services	-	-	-	48,325	44,387
Social and family services	-	-	-	308,376	294,209
Social housing	-	-	-	42,406	40,352
Planning and development	-	-	-	4,514	4,366
Recreation and cultural services	-	-	-	228	143
Total current fund expenditures by function	-	-	-	636,783	609,869
FINANCING ACTIVITIES AND TRANSFERS					
debt principal payments	-	-	-	(22,982)	(20,578)
Employee benefits and other liabilities	-	-	-	3,755	930
Landfill liability	-	-	-	(5,374)	2,660
Allowance for tax write-off	-	-	-	(1,318)	1,318
Change in non-financial assests	-	-	-	(33)	133
Net transfers to/from other funds					
- Capital fund	-	-	-	(471)	(1,375)
- Reserves and reserve funds	-	-	-	(74,550)	(85,212)
Total current fund financing activities and transfers	-	-	-	(100,973)	(102,124)
Current (operating) fund surplus, end of the year	$ -	$ -	$ -	$ 919	$ 338
ANALYSIS OF CURRENT FUND EXPENDITURES BY OBJECT					
Salaries, wages and employee benefits	$ -	$ -	$ -	$ 249,981	$ 232,019
Materials and supplies	-	-	-	83,246	231,502
Contracted services	-	-	-	68,653	64,928
Rents and financial expenses	-	-	-	13,528	14,165
External transfers to others	-	-	-	212,404	58,867
Debt service charges for net long term liabilities	-	-	-	8,971	8,388
Total current fund expenditures by object	$ -	$ -	$ -	$ 636,783	$ 609,869

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THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - In thousands of dollars)

	2009	2008	2007	2006	2005
Capital Fund Operations					
Capital fund surplus, beginning of year	$ -	$ -	$ -	$ 68	$ (603)
CAPITAL FUND REVENUES BY SOURCE					
Government of Canada grants	-	-	-	9,493	1,044
Province of Ontario grants	-	-	-	11,303	2,936
Other municipalities	-	-	-	11,721	13,178
Development charges	-	-	-	6,374	5,982
Developer contributions	-	-	-	278	1,285
Investment income	-	-	-	550	349
Other	-	-	-	954	1,327
Total capital fund revenues	-	-	-	40,673	26,101
CAPITAL FUND EXPENDITURES BY FUNCTION					
General government	-	-	-	22,561	9,558
Protection to persons and property	-	-	-	9,743	7,034
Transportation services	-	-	-	27,825	26,865
Environmental services	-	-	-	74,161	55,985
Health services	-	-	-	2,065	2,321
Social and family services	-	-	-	887	3,280
Social housing	-	-	-	2,076	2,710
Planning and development	-	-	-	1,003	1,776
Total capital fund expenditures by function	-	-	-	140,321	109,529
FINANCING ACTIVITIES AND TRANSFERS					
Long term debt issued and assumed	-	-	-	55,240	41,963
Net transfers to/from other funds					
- current fund	-	-	-	2,257	1,375
- Reserves and reserve funds	-	-	-	82,054	40,761
Total capital fund financing activities and transfers	-	-	-	139,551	84,099
Capital fund surplus, end of the year	$ -	$ -	$ -	$ 39,971	$ 68
ANALYSIS OF CAPITAL FUND EXPENDITURES BY OBJECT					
Administration	$ -	$ -	$ -	$ 1,905	$ 2,228
Equipment	-	-	-	7,393	9,023
Real property	-	-	-	2,044	5,599
Materials and supplies	-	-	-	1,801	2,071
Utilities	-	-	-	633	1,914
Contracted services	-	-	-	126,613	88,016
External transfers to others	-	-	-	(540)	(632)
Operation fund transfer	-	-	-	472	1,310
Total capital fund expenditures by object	$ -	$ -	$ -	$ 140,321	$ 109,529
FUND BALANCES					
Current fund	$ -	$ -	$ -	$ 919	$ 338
Capital fund	-	-	-	39,971	68
Reserves	-	-	-	56,722	45,841
Reserve funds (excludes development charges)	-	-	-	173,495	188,620
Fund balances, end of year	$ -	$ -	$ -	$ 271,107	$ 234,867

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THE REGIONAL MUNICIPALITY OF NIAGARA

FIVE YEAR STATISTICAL REVIEW
(Unaudited - in thousands of dollars)

	2009	2008	2007	2006	2005
Total Consolidated Fund Revenues by Source					
Property Taxpayer	$ -	$ -	$ -	$ 278,735	$ 273,994
Sewer charges	-	-	-	53,461	52,388
Water charges	-	-	-	31,943	32,776
Waste management	-	-	-	39,264	36,409
User charges	-	-	-	42,613	40,342
Government of Canada grants	-	-	-	18,163	9,629
Province of Ontario grants	-	-	-	278,904	254,716
Other municipalities	-	-	-	11,721	13,178
Development charges	-	-	-	6,374	5,982
Developer Contributions	-	-	-	278	1,285
Investment income	-	-	-	10,934	5,861
Provincial offences act	-	-	-	5,493	5,644
Miscellaneous income/other	-	-	-	6,173	5,298
Total consolidated fund revenues by source	$ -	$ -	$ -	$ 784,056	$ 737,502
Total Consolidated Fund Expenditures by Function					
General government	$ -	$ -	$ -	$ 40,449	$ 27,938
Protection to persons and property	-	-	-	126,945	114,071
Transportation services	-	-	-	55,155	55,189
Environmental services	-	-	-	144,675	128,656
Health services	-	-	-	50,390	46,708
Social and family services	-	-	-	309,263	297,489
Social housing	-	-	-	44,482	43,062
Planning and development	-	-	-	5,517	6,142
Recreation and cultural services	-	-	-	228	143
Total consolidated fund expenditures by function	$ -	$ -	$ -	$ 777,104	$ 719,398
Total Consolidated Fund Expenditures By Object					
Salaries, wages and employee benefits	$ -	$ -	$ -	$ 249,981	$ 232,019
Administration	-	-	-	1,905	2,228
Equipment	-	-	-	7,393	9,023
Real property	-	-	-	2,044	5,599
Materials and supplies	-	-	-	85,047	233,573
Utilities	-	-	-	633	1,914
Contracted services	-	-	-	195,266	152,944
Rents and financial expenses	-	-	-	13,528	14,165
External transfers to others	-	-	-	211,864	58,235
Operation fund transfer	-	-	-	472	1,310
Debt service charges for net long term liabilities	-	-	-	8,971	8,388
Total consolidated fund expenditures by object	$ -	$ -	$ -	$ 777,104	$ 719,398

Notes:
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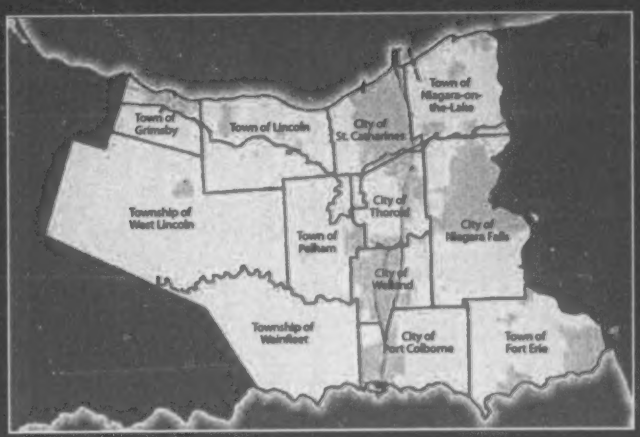

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